

NATION'S BUSINESS



JUNE
1938

Free Man—page 11

A Streamlined Tax Program, by Sen. Pat Harrison • The Communist Formula for



Send yourself ahead

—by LONG DISTANCE

Pick up your telephone before you pick up your traveling bag.

Your voice is really you. Use it every trip to arrange appointments in the towns ahead. It will save you a lot of waiting time and wasted visits. Or it will bring more buyers into your sample room.

Advance appointments pave the way, provide useful information, make your personal visits more productive. Between trips, too, you can use the telephone to maintain friendly contacts, announce price changes, confirm shipping instructions, clear up complaints.

Long Distance is fast, adaptable, and particularly profitable at today's low rates. See samples below, or look in the front of your telephone directory.



Here's how little it costs to telephone!

BETWEEN THESE POINTS		DAY except SUNDAY *	NIGHT and SUNDAY *
Cincinnati, Ohio . . .	Louisville, Ky. . . .	\$.50	\$.35
Little Rock, Ark. . . .	Shreveport, La.75	.45
Topeka, Kan.	Chicago, Ill.	1.50	.90
Toledo, Ohio	Sioux City, Iowa . . .	2.00	1.20
Pierre, S. D.	New York, N. Y. . . .	4.00	2.50
Washington, D. C. . .	Reno, Nev.	6.00	4.00

* 3-minute station-to-station rates. Night rates are in effect from 7 P.M. to 4:30 A.M. every night and all day Sunday.

THE NEW "ROADKING" RIDE IS THE SENSATION OF THE LOW-PRICE FIELD

✎ Since you bought your last car there have been many improvements you should know about.

✎ Today's cars handle easier; have greater comfort, safety and economy.

✎ The leading lowest-priced cars cost about the same—but there are many important differences in engineering—advantages Plymouth alone offers. Find out about the new Plymouth today.

PLYMOUTH
"Roadking"
5-PASSENGER SEDAN
\$685

—"Detroit delivered price," including front and rear bumpers, bumper guards, spare wheel, tire and tube, foot control for headlight beam with indicator on instrument panel, ash-tray front and rear, sun visor, safety glass and big trunk space (19.3 cubic feet). Plymouth "Roadking" models start at \$645; "De Luxe" models slightly higher. Prices include all Federal Taxes. State, local taxes not included. PLYMOUTH DIVISION OF CHRYSLER CORPORATION, Detroit, Michigan.



BIGGEST OF THE 3

The Plymouth "Roadking" is the biggest of the three leading lowest-priced cars—nearly 7" longer than one; more than 10" longer than the other. The new Plymouth steers and handles easier—and has a sensational new ride.

GREATER COMFORT

The new Plymouth's "live" rubber body mountings and airplane-type shock-absorbers soak up bumps, vibration. Noise is hushed with "radio studio" sound-proofing.

FINER PERFORMANCE

All Plymouth models have the big, 82-horsepower, "L-head" engine—giving *both* brilliant performance and outstanding economy. Owners report 18 to 24 miles on gas...lowest oil consumption.

LOWER UPKEEP

Plymouth's upkeep costs are considered the *lowest* of all low-priced cars due to important features like 4-ring pistons, Hypoid rear axle, valve seat inserts and Floating Power engine mountings.

MORE SAFETY

The new Plymouth's double-action hydraulic brakes are the safest type made, and its all-steel body has a new Safety Styled interior!

EASY TO OWN

Your present car will probably represent a large portion of Plymouth's low delivered price...balance in surprisingly low monthly installments. Phone your nearby Plymouth dealer today.

TUNE IN MAJOR BOWES' AMATEUR HOUR, C.B.S. NETWORK, THURS., 9-10 P.M., E.D.S.T.

PLYMOUTH BUILDS GREAT CARS

**THE "ROADKING"
THE "DE LUXE"**



Beauty

**PROTECTED BY
STAINLESS STEEL**

SHE walks in beauty . . . with poise and confidence, not clutching at seats to keep her balance. She is serene . . . at ease . . . supremely at home amid the attractive appointments of a smooth-riding Budd-built train.

Budd trains are built for the traveler's comfort. They are insulated against noise. Because of the lower center of gravity, they hug the rails and ride smoothly, without vibration. They are, of course, air-conditioned. Their decorative scheme creates a pleasant atmosphere of good taste. Nothing that might add to the enjoyment of traveling has been overlooked.

And with this comfort goes safety—the first requirement in all railroad travel. For Budd trains are built of stainless steel, the strongest metal ever used in railroad-car construction. This gleaming alloy—welded by the exclusive SHOTWELD* process—makes possible the elimination of useless weight. Thus you travel swiftly, safely, restfully.

Budd light-weight trains of stainless steel attract passengers. They have established new standards of comfort in travel . . . have accustomed the public to require speed and safety . . . amid beauty of surroundings.

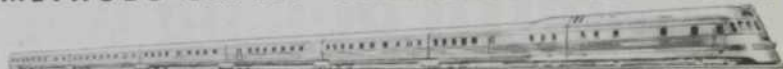
• Originator of ALL STEEL* bodies for automobiles, now used almost universally, the Edw. G. Budd Manufacturing Company has pioneered modern methods in the design and fabrication of steel products.

*Reg. U. S. Pat. Off.

**EDW. G. BUDD MANUFACTURING
COMPANY • PHILADELPHIA • DETROIT**

BUDD

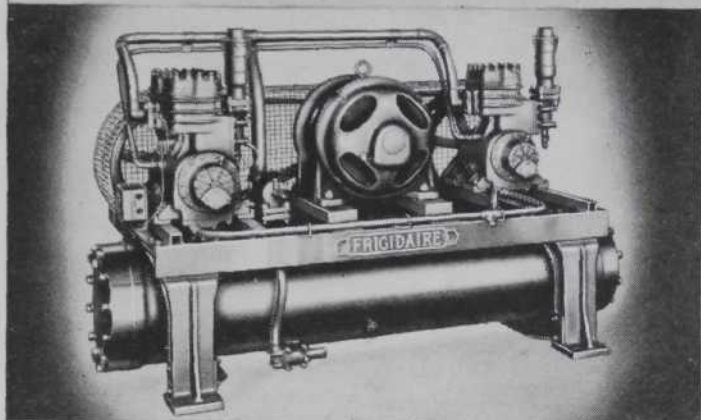
METHODS SAFELY ELIMINATE DEAD-WEIGHT



Regardless of Your Refrigeration Requirement

CALL IN FRIGIDAIRE

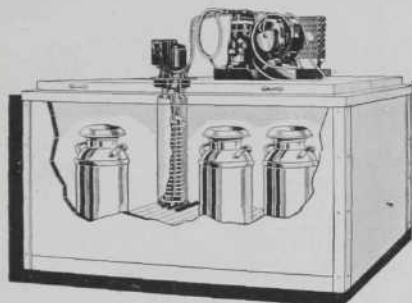
SAVE MONEY, TIME, REGRET



FRIGIDAIRE COMPRESSORS FOR ENGINEERED JOBS range in capacity up to 50 ton. Frigidaire refrigeration systems save from 50 to 75% on operating costs alone over old-style methods, yet give far superior refrigeration results.



FRIGIDAIRE BOTTLED BEVERAGE COOLERS cool a case for as little as 2c, give quick, positive cooling that assures your customers of "just-right-temperature" refreshing drinks. Model BB-258, illustrated, provides space for 300 6-oz. bottles.



FRIGIDAIRE MILK COOLING UNITS AND SYSTEMS are available to meet all cooling needs—whether for small farm or large retail dairy. New Frigidaire Drop-In Milk Cooling Unit illustrated is an outstanding profit maker for the small dairy farmer. Easily installed in present cabinet.

It's Good Business to "CALL IN FRIGIDAIRE"

• Frigidaire gives you *extra* assurance that your refrigeration investment is protected by the engineering and financial resources of General Motors, the world's largest builder of refrigeration equipment. On *any* refrigeration job, regardless of type or size, get full facts from Frigidaire . . . first! Call in your own local Frigidaire Commercial Dealer, or write nearest Frigidaire Commercial District Office listed below.

**FRIGIDAIRE COMMERCIAL DIVISION,
GENERAL MOTORS SALES CORP., DAYTON, O.**



FRIGIDAIRE FROSTED FOOD CHESTS have "customer appeal"—keep their contents at absolutely correct temperatures—reach a new high in attractive display and dispensing ease. Double-face sign increases advertising value—ideal for island display.

FRIGIDAIRE WATER COOLERS and water cooling systems meet the largest or the smallest requirement. 15c a day buys . . . as little as 2c a day runs the cooler illustrated.

Over 2000 Local Authorized Frigidaire Dealers

plus 51 District Offices, shown on map and listed below, make Frigidaire's expert engineering service instantly available to you.

FRIGIDAIRE BRANCH OFFICES, GENERAL MOTORS SALES CORPORATION: Atlanta, Baltimore, Birmingham, Boston, Buffalo, Chicago, Cleveland, Dayton, Denver, Des Moines, Detroit, Ft. Worth—Dallas, Kansas City, Los Angeles, Nashville, Newark, New Orleans, New York, Oakland, San Francisco, St. Louis, St. Paul. **OTHER DISTRICT OFFICES:** AKRON, Ohio Edison; ALBANY, Graybar Electric; BALTIMORE, Carey Sales & Service; BILLINGS, Northwestern Auto Supply; EL PASO, W. G. Walz Co.; HOUSTON, Cox & Blackburn; INDIANAPOLIS, Refrigeration Equipment Co.; JACKSON, Consumers Power; LOUISVILLE, Smith Distributing Co.; MEMPHIS, McGregor's, Inc.; MIAMI, Domestic Refrigeration Co.; NEW CASTLE, Penn. Power Co.; NORFOLK, R. F.



Trant, Inc.; OKLAHOMA CITY, W. C. Dance, Inc.; OMAHA, Major Appliance Co.; PEORIA, Central Ill. Light; PHILADELPHIA, J. J. Pocock, Inc.; PITTSBURGH, Electric Products Corp.; PORTLAND, Sunset Electric Co.; ROANOKE, H. C. Baker Co.; ROCHESTER, Chapin-Owen Co.; SAN ANTONIO, Straus-Frank Co.; SALT LAKE CITY, W. H. Bantz Co.; SEATTLE, Sunset Electric Co.; SIOUX CITY, D. K. Baxter Co.; SPOKANE, Jensen-Byrd Co.; SYRACUSE, Onondaga Auto Supply Co.; TAMPA, Byars-Forgy Refrig. Co.; WICHITA, S. A. Long Co.





You can obtain a reproduction of the above drawing, suitable for framing, by writing to Seagram-Distillers Corp., Chrysler Building, New York City.

YOU'RE A HERO •• TO YOUR SON

Most boys worship their Dad as a hero whose standards and ideals they gradually acquire as their own.

Nothing is quite so disillusioning to the clear eyes of a youngster as the sight of a man—his own father—who has used liquor unwisely.

The damage goes far deeper than a momentary shame.

Any man who cannot drink wisely and moderately, owes it to his son... his family, not to drink at all.

The coming generation will be less apt to use liquor intemperately if older people will regard it as a luxury and treat it as a contribution to gracious living—to be enjoyed in moderation.

Surely, Father's Day is an appropriate occasion for the House of Seagram, as one of America's leading distillers, to say as we said *four* years ago, and have constantly reiterated... "Drink Moderately".

... THE HOUSE OF SEAGRAM ...
Fine Whiskies Since 1857

Seagram-Distillers Corp. Executive Offices, New York

QUESTIONS our readers are asking:

- 1 • WHAT does the new tax bill do to remove restrictions on business?
ANSWER ON PAGE 15
- 2 • WILL it be easier to get money for plant expansion or to increase employment than it has in the past? ON PAGE 16
- 3 • HOW can there be any socialized medicine in this country when the people have had no chance to vote on it?
ON PAGE 17
- 4 • WHAT has happened in this country since the war to make all our old ideas appear to be unworkable? ON PAGE 19
- 5 • HAS our whole system of wealth production broken down of its own weight?
ON PAGE 20
- 6 • HOW can business do a better job of getting its goods and services before its customers? ON PAGE 21
- 7 • CAN salesmen be made or must they be born with the required qualities for success? ON PAGE 21
- 8 • HOW much of present labor unrest is the result of communistic activity and how powerful are the Reds in this country? ON PAGE 24
- 9 • WHAT is the best kind of a labor union?
ON PAGE 27
- 10 • IS IT possible for workers to have collective bargaining without joining a national union? ON PAGE 27
- 11 • DO the farmers and the people in the small towns still think that rich men in the East pay all the taxes?
ON PAGE 28
- 12 • WHAT did the U. S. Chamber of Commerce accomplish at its annual meeting?
ON PAGE 33
- 13 • IS John L. Lewis likely to be a candidate for president in the next campaign? ON PAGE 72

What is Coming in July . . .
Turn to Page 92

Contents for June . . .

	PAGE
A Streamlined Tax Program	15
By SENATOR PAT HARRISON	
Socialized Medicine is a Reality	17
By FRED DE ARMOND	
The Battle for What Isn't	19
By SAMUEL CROWTHER	
Who is Going to Sell Tomorrow's Goods?	21
By SAUNDERS NORVELL	
The Communist Formula for Revolution	24
By RALPH L. WOODS	
Without Benefit of Organizers	27
By PHIL HAMILTON	
The Crossroads Learns about Taxes	28
By ELLEN NEWMAN	
National Progress Through the American Business System	33
Has Education Let Business Down?	68
By MARK M. JONES	
The Regular Features . . .	
<i>Through the Editor's Specs.</i>	7
<i>Planning the Less Abundant Life.</i>By MERLE THORPE	13
<i>No Business Can Escape Change.</i>	66
<i>Washington and Your Business.</i>By HERBERT COREY	72
<i>The Map of the Nation's Business.</i>By FRANK GREENE	80
<i>Leaders in the March of Business.</i>	83
<i>Memo . . . for Busy Readers.</i>	84
<i>Business Men Say.</i>	90
<i>Speaking of Finance.</i>By EDWARD H. COLLINS	102

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FROM PLASTICS HEADQUARTERS—



Polystyrene cup and saucer in transparent red



Urea radio cabinet in delicate ivory color



Phenolic shaver housing in lustrous opaque black



More than 600 MOLDING MATERIALS

COLORS that run the gamut of the spectrum. Materials that are transparent... or possess the rich opacity of marble. And in the realm of technical qualifications... a sweeping range of properties that fulfills thousands of exacting specifications!

That is the amazing variety of advantages offered to product manufacturers by the many plastic materials known as "Bakelite Molded". There are more than six hundred different Bakelite molding materials including

types with special decorative, electrical, mechanical, thermal or chemical merits.

Yet, Bakelite Molded is but one of the many useful forms of plastics supplied by Bakelite Corporation. In addition, there are various types and forms of laminated stock, cast resinoids, paint and varnish resins, cements, calendering and coating materials.

Pioneers in synthetic resin research,

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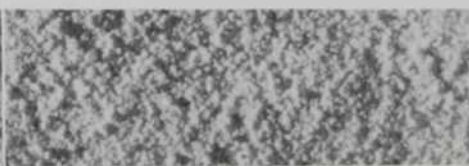
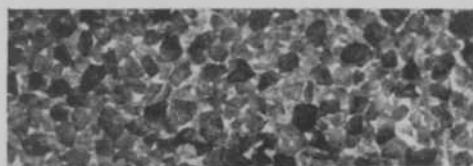
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Bakelite laboratories have constantly broadened the utility of these man-made materials to meet the individual requirements of nearly every industry.

For any product-development involving the use of a plastic material, your problem of material selection can be simplified by consulting Bakelite Plastics Headquarters *first*. Write for Portfolio 1 of booklets containing reference data.

Bakelite Corporation, 247 Park Ave., New York, N.Y.
Bakelite Corp. of Canada, Ltd., 163 Dufferin St., Toronto

PLASTICS HEADQUARTERS



Rapid Erection of Modern Movable Walls Aids Liberty Mutual

BY THE TIME the new Boston offices of the Liberty Mutual Insurance Company were ready for partitions, only six weeks' time was left to do the entire eight floors, involving over 3,000 lin. ft. of partitions. It was then that one of the many features of Transite Walls was a distinct advantage. The novel construction method employed permitted exceptionally fast installation, enabling the Turner Construction Co., general contractors, to finish the job well within the time limit. This was of great benefit to



A small section of Liberty Mutual's new offices showing Transite Walls with glass. Transite was also used here as solid, ceiling-high walls and as bank screen, or dwarf partitions. This up-to-date partition provides all the solidity and privacy of fixed walls. Noise-quieting treatment is provided in Liberty Mutual's offices by the use of J-M Sanacoustic Ceilings.

Liberty Mutual. For they occupied their new quarters well in advance of their busiest period of the year.

Furthermore, and because of this unique construction method, Liberty Mutual will find relocation just as easy and rapid. Erection is kept dry and free from the noise and dirt that usually go with office changes. And Transite Walls are 100% salvageable, saving material as well as time.

Liberty Mutual also had the problem of complying with stringent Boston fire ordinances. Transite Walls, unusually fire-resistant in themselves because of their asbestos-cement composition, were this time filled with Rock Wool . . . providing added fire-safety.

For decorative treatment, the architect, Chester Lindsay Churchill, specified that bank screen, gates and hollow metal doors be painted blue-green. The Transite Walls were painted light ivory. However, any other treatment—lacquers, veneers, fabrics, etc.—might have been used on this up-to-date material just as successfully.

Hundreds of other business organizations have found Transite Walls meet all their office needs. Many of these installations are described in the interesting new Transite Walls brochure. For a free copy, write John-Manville, 22 E. 40th St., N.Y. C.

Through the EDITOR'S SPECS

Yes, it's happening in America

YOUR MAGAZINE has been a continuous objector to various proposals in Congress designed to aid the welfare of the very people upon whom your magazine is foisted. Not once have you espoused or approved of any legislation pending in Congress.—Senator Minton, to the publisher of *Rural Progress*, subpoenaed by the Minton—formerly Black—Committee of the Senate.

Have our people lost the capacity of indignation and anger? Have we grown unworthy of a free press, unworthy of protection against the detestable practice of search and seizure? It would seem so. Selah.

Priced too high

A BUSINESS man in Evansville, Ind., wrote recently to President Roosevelt:

I have a solvent business. I will give it to you for nothing—all you got to do is to pay me a salary for five years, equal to what I now pay in taxes.

The President might well reflect on the implications in that letter. Here is a man who has put into his business two valuable elements—his capital, or savings, and his time. And yet his reward for both is less than that which the Government takes for its contribution.

He needs the essential services of Government, but it is doubtful if he or the country needs the \$2,000,000,000 additional administrative expense—exclusive of relief—now saddled upon him.

Breeding other costs

THE TREMENDOUS administrative costs of government are only the taxpayer's first costs. The second cost is often the higher. They sire activities which harass and burden. Thomas H. McInnerney, President of the National Dairy Products Corporation, reported to stockholders that, in 1937, this single company made 11,115 separate tax reports, averaging one every 15 minutes of every business day of the year, at a cost of \$265,000.

Reports of all kinds totalled 75,000 and cost \$1,000,000. One government agency request included 5,000 questions.

This is one corporation—there are 502,000 corporations in the United

States, and there are nearly 2,000,000 more partnerships and small business enterprisers.

This is part explanation of the fact that one out of six passengers on railroad trains last year was a federal employee. The cost of rail valuation, as we chronicled last month, was \$100,000,000—a direct charge upon the taxpayer—the cost to the railroads was \$200,000,000—an indirect cost to taxpayers.

Cobblers should stick to their lasts

HOW SALUBRIOUS would be a little business training for some of our politicians! It would prevent them from making such remarks as that of the Cabinet officer who said he hoped the ordinary tire consumer would be given the benefit of the same low prices that manufacturers quote the Government.

William O'Neill, president of the General Tire and Rubber Company, paid his respects to such reasoning. He reminded the Secretary that tire sales are subject to a 14 per cent federal tax which is remitted in the case of government contract orders. Further, he pointed to the fact that retail prices necessarily must include the 24 per cent which it costs tire dealers to operate. It's just as simple as that.

Not news

A CORRESPONDENT pens this postscript:

When I was a hotel guest in Los Angeles during the recent flood I took the precaution of buying four large candles from a drug store in the lobby. They were tagged with a price of 25 cents but the druggist explained that since they belonged to an old stock carried over for several years and somewhat discolored he would charge only ten cents apiece. Later that same evening the lights did go out for 30 minutes, resulting in a run on the store for the remaining supply of candles. Curious to know if the druggist had made capital of the emergency, I inquired about the price paid by those purchasers who followed him. I found that the whole lot had been sold out at ten cents.

This is not news. Such experiences are the rule. But such evidences of an unwritten code of ethics in merchandising must be a shock to those



PILGRIM'S PROGRESS

THIS Hartford Steam Boiler Inspector is on the last leg of a trip to the aid of an ailing turbine. He has traveled for two days into the wilderness by auto, boat and, at last, buckboard.

Such a "pilgrim's progress" is typical of Hartford service.

No matter where your plant is located, a Hartford specialist can be called for a specialized job. He brings to you not only the skill of long personal experience, but the authority of an institution devoted *solely* to the business of engineering inspection and insurance.

Every year the Hartford men together, in their travels at the behest of industry, exceed the total of 5,000,000 miles.

They are adding daily to Hartford's experience gained from 18,000,000 inspections and from 71 years of protecting power. But, more to the point, they are adding to your security and peace of mind . . . by using this experience to aid you in maintaining continuous plant operation. Consulting with them, in *your* interests, is the Company's unique Home Office engineering force.

Ask your agent or broker to place *your* boiler or machinery policy with this specialized organization . . . industry's choice for half of all engineering insurance carried in America.



**THE HARTFORD STEAM BOILER
INSPECTION AND INSURANCE COMPANY**

HARTFORD, CONNECTICUT

OLDEST IN THE COUNTRY, LARGEST IN THE WORLD, ENGINEERING INSURANCE EXCLUSIVELY

who are always looking hopefully for the worst.

Quod erat demonstrandum

IN 1910, says *The Detroider*, a four-cylinder Packard limousine cost \$5,550; in 1937, an eight-cylinder Packard sedan cost \$1,075. The editor then makes other 1910-37 comparisons as follows:

Cost of federal Government	UP 1,068%
Per Capita federal Debt	UP 2,120%
Total federal Debt	UP 3,075%
Michigan's federal Taxes	UP 5,938%
The price of a Packard	DOWN 80.6%

The editor asks:

"Which needs reforming—Business or Government?"

But who cares?

IN THE FLOOD of words quoted by his "admirers" on the occasion of Thomas Jefferson's recent birthday anniversary, we looked in vain for some of those that seemed most appropriate to the times. Since the same week brought the decree to spend four or five billions more, the plain tax-paying citizen might have quoted him:

It is incumbent on every generation to pay its own debts as it goes. This principle, if acted on, would save one-half the wars of the world.

I place economy among the first and most important of republican virtues, and public debt as the greatest of the dangers to be feared.

To preserve our independence, we must not let our rulers load us with perpetual debt. We must make our election between economy and liberty or profusion and servitude.

Had the citizen desired to extend Jefferson's philosophy to other issues of today, he might have quoted:

The merchants will manage commerce the better, the more they are left free to manage for themselves.

Agriculture, manufactures, commerce and navigation, the four pillars of our prosperity, are the most thriving when left the most free to individual enterprise.

Cock-eyed bookkeeping

IF THE federal Government took into account all its new assets in the form of buildings, memorials and intangibles created during the emergency there might be no deficit, claims David Cushman Coyle, writer and tax "expert." Tortured logic, answers Arthur A. Ballantine, former Assistant Secretary of the Treasury. The government is not in business, says Mr. Ballantine. It didn't build its postoffices, scenic roads and dams for profit and, unless they are to be self-liquidating, Uncle Sam can't carry them as assets on his balance sheet. On the contrary, they are liabilities, because they must be maintained. The only sound form of book-

keeping is to charge off their cost as expenses.

All quite simple to anyone who has ever made up balance sheets or analyzed them after they were made, or had a session with an Internal Revenue man. Unfortunately, that does not include many of our economic experts. Yes, it takes more than book-keeping to balance a budget. Thomas Carlyle said:

"Squandering and payment by loan is no way to choke a deficit."

You business men

THE EDITOR of a big daily newspaper dropped in to see us not long ago. After the usual greetings and salutations he asked:

"Why don't you business men do so and so?"

"Let me ask you one, first," we answered. "What is the biggest business in your city worth?"

"Probably \$20,000,000."

"And what is your newspaper business appraised at?"

"Twenty-five millions."

"Then, where do you get that 'you business men' stuff?" we rejoined as we settled back in our chair and waited for an answer that didn't come.

A study in values

"MORE for less." What simpler formula could be written to tell the story of industry's service to the people. There is the achievement to which Harvey Firestone contributed. An obituary notice of the tire manufacturer included this fragment:

"In 1908 a Ford tire retailed at \$35. A tire that would give 2,000 miles of service was considered satisfactory."

And today? That tire now retails at approximately \$16 and is expected to give at least 25,000 miles of service. Thirty years ago a motorist paid \$17.50 tire cost per thousand miles of driving. Now he pays 64 cents. That is value multiplied 27 times.

And if we turn to the performance of Government during those years what do we find? Taxes paid to all agencies of government in 1908 were approximately \$26 *per capita*, while the estimate for 1937 is \$94. The average taxpayer probably would say he is getting no more for his tax dollar now than he did in 1908. But, while his tire dollar now buys 27 times the value it did in 1908, his tax dollar in 1908 bought 3½ times the value it purchases today. And that is saying nothing of a debt of some \$40,000,000,000 which is still to be paid.

Modern 49'ers

GOLD MINERS and their families who journeyed to Sacramento, Cal.,

"SUCCESS and DICTAPHONE go together," says Edwin C. Hill

"During the past 30 years I've seen literally hundreds of Dictaphones at work in offices around the world. And I've noted that *progressive and successful* men use Dictaphones. They don't waste time waiting. Instead, they speak notes, memoranda and instructions through the handy Dictaphone mouthpiece . . . always instantly available. They catch ideas on the wing with this modern dictating machine. They record conference decisions and telephone calls . . . they eliminate misunderstandings. Office routine flows more smoothly, leaving time for planning ahead. The result—stories below prove this clearly. They show why successful men choose Dictaphone to help them get things done."



J. L. McINTYRE

Treasurer, Cherry-Burrell Corp., Chicago, Ill.

"Accuracy in detail is absolutely essential, and here Dictaphone shines. It can't misunderstand or misquote."



O. F. BENZ

Director of Sales, Cellophane Division, E. I. DuPont de Nemours & Co., Wilmington, Del.

"... nearly 35 years . . . an enthusiastic user . . . helped me to keep on top of the job . . . devote more time to constructive effort . . ."



THE NEW PROGRESS CABINET DICTAPHONE



CLEEMAN WITHERS

Treasurer, Sperry Gyroscope Co., Brooklyn, N. Y.

"... greatest single advantage of Dictaphone availability at all hours of the day or night . . ."



LEE D. DAVIS

Manager, Federal Hardware & Implement Mutuals, Atlanta, Ga.

"... enables me to place on record, immediately, bulletins to office employees of salesmen without summoning my secretary . . ."



GLENDON H. ROBERTS

President, Detroit Stamping Co., Detroit, Mich.

"... convenience of Dictaphone . . . recording instructions . . . and ideas as they occur during the day or after hours . . ."

NOW MAIL THIS

There is only one true Dictaphone. It is made exclusively by Dictaphone Corporation at Bridgeport, Conn.; sold through our own offices in 96 cities. We invite your inquiry. No obligation is implied.

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

Dictaphone Sales Corp., 420 Lexington Ave., N. Y. C.
In Canada—Dictaphone Sales Corp., Ltd.,
86 Richmond Street, West, Toronto

☐ I should like to talk with someone about the loan of a Dictaphone in the New Progress Cabinet at no expense to me.

☐ Send me a copy of the New Progress Portfolio.

Name _____

Company _____

Address _____

NB-6



This Seal Brings You

A DOZEN INSURANCE ADVANTAGES



1 It means that the company using it belongs to The American Mutual Alliance—a group of 100 leading Mutual fire and casualty companies.



2 These companies average 49 years in age. Seven Mutual companies are over 125 years old and 41 are over 100 years old.



3 The total assets of the various Mutual companies belonging to this group are over Two Hundred Million Dollars.



4 Mutual fire and casualty insurance, which these companies offer, has stood the test of nearly two hundred years.



5 Mutual insurance offers sound, economical protection for every property and car owner and employer.



6 It offers to policyholders the maximum protection at the most reasonable cost possible.

7 It returns to you, as a policyholder, a substantial saving, every year. You can compare the cost and see for yourself how much you save.



8 The companies in this group have returned to policyholders, during the past ten years alone, a total of \$282,000,000 in savings.



9 These Mutual companies have a record for thorough-going service and prompt payment of losses to policyholders.



10 The basic policies of these companies include: careful selection of risks, practical fire and accident prevention methods, conservative investment policy, economy of operation.



11 You can save time and money by using this seal of The American Mutual Alliance as your guide for dependable fire or casualty insurance.



12 This seal signifies a leading company in the field of Mutual fire and casualty insurance.



THE AMERICAN MUTUAL ALLIANCE

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to present grievances to Governor Merriam were put up as guests of the state and given food, cots and tents while their troubles were investigated. But the miners, members of the C. I. O. who had been warring with independent unions and vigilantes, thought there was something sour about the Governor's hospitality. There were no potato peelers available! Horrors! Worse than that, they had to do their own cooking and dishwashing.

State Relief Director Pomeroy was unsympathetic, in fact, downright unsocial about it. He flatly refused to provide potato peelers, cooks and dishwashers for his guests.

An appeal to Washington is in order.

Free man

THE YOUNGSTER pictured on our cover by Photographer McManigal would undoubtedly rather be playing ball than driving his father's team. No doubt he feels that his life is completely hedged in by parents, teachers, lessons and chores.

It is a privilege of youth to feel repressed, to hate all fetters, no matter how slightly those fetters may gall, to dream of Utopia and distant hills where the grass is certainly greener.

Perhaps this young fellow would not believe that he is lucky. But he is. Because he had the good fortune to be born in a country without classes and without restrictions. Because he need salute no dictator's photograph. Because, though born on an obscure farm, he may rise to whatever heights of fame and fortune he merits through ability and willingness to work.

At his age children of other lands are already learning to goosetstep through regulated lives. For this youngster, a free country offers the challenge of opportunity. May he have the wisdom to preserve that birthright for his own descendants!

The labor front

HATED INJUNCTION: A new use for court injunctions in labor disputes—long a pet peeve of the unions—was made in San Francisco lately. By way of answering union pickets with their usual "Unfair to Organized Labor" signs, a store set up in its windows cards bearing the counter legend, "Fair to Organized Labor." The union applied for a court order restraining the employer from such "unfair" tactics.

MARATHON: The Chicago Waiters' Alliance has been picketing a lake-front hotel in that city for more than

four years. The union estimates its effort to bring the hotel to terms has cost it and allied unions \$30,000. One picket calculated that he alone had tramped 3,000 miles back and forth in front of the hostelry. He claims to have supported a family of seven throughout the depression on his wages as a professional picket.

Washington "business"

THE U. S. Food and Drug Administration now tests peas for tenderness. They peel the pea, according to a curious correspondent, place half of it on a glass slide and pour two pounds of mercury through a series of glass tubes which squeeze down on it. If the pressure compresses the pea to one-fourth of its original diameter (which has been measured by calipers), it emerges duly vindicated as food.

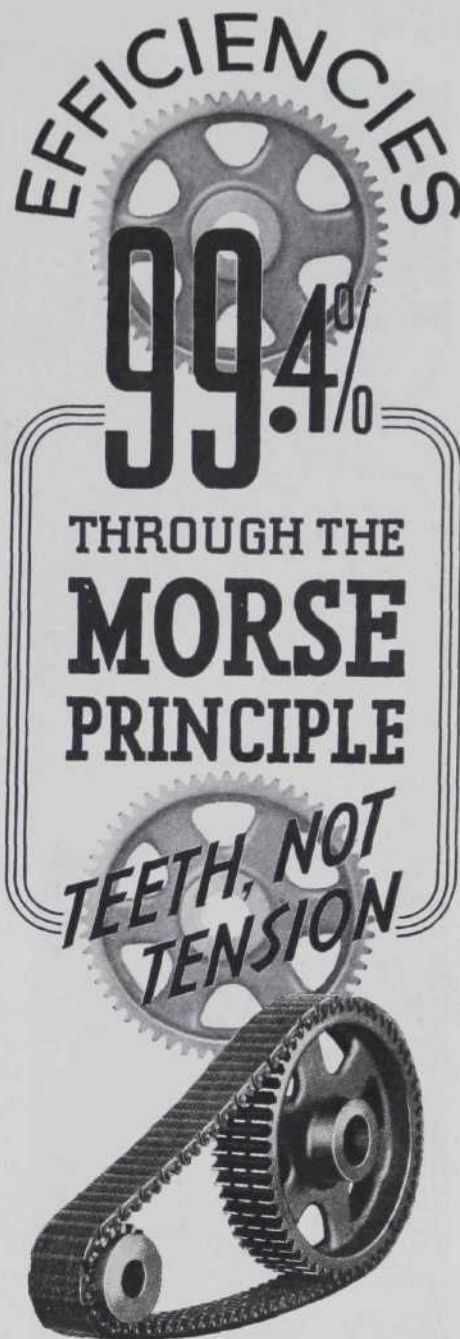
EXPERTS in the Department of Agriculture announce that they have improved the popability of popcorn. First grade now pops at the guaranteed ratio of 20 to 1. That means 20 grains that do pop to every one that doesn't.

THE REPORT that the National Labor Relations Board has ordered 200 thought detectors as an aid in its search for "intimidation" by employers has been denied at headquarters as a Liberty League invention.

The shadow of politics

A WOMAN who termed herself "just a modest consumer whose deepest sympathies, for the past few years, have been with the business men of this country, who it seems to me have been paying the bill and taking it on the chin," wrote us recently. Although she had no connection with business, she had read our pamphlet, "Business in the Dog House," and wanted a small quantity to send to some of her friends. Of course we supplied them gladly.

Later came another letter from our correspondent, this time rather disturbed. She had been rebuked by her husband, a naval officer, for what seemed to him an indiscretion. Not that he saw anything wrong with the pamphlets; on the contrary he agreed decidedly with their message. But he was afraid that for his wife to endorse them, even tacitly, might jeopardize his status with the higher-ups who control promotion in the service. Apparently the example of General Hagood, who was removed from his command for speaking disrespectfully of W.P.A. "stage money," has not been lost on other officers. Even their wives are repressed by the fear of politics.



Fingers of steel grip and turn the wheels in the Morse Principle of Power Transmission. Efficiencies are greater, with power loss cut to an absolute minimum. Drive and machine life is longer, due to the smooth, easy action of these better drives. Production is stepped up by the steady, even application of power through heavy loads and light. Maintenance and service costs are few and far between.

With all the advantages they possess, Morse positive drives cost no more! Actually, no more than ordinary, less efficient types!

Let the Morse man in your territory tell you what Morse drives can do in your plant.

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MORSE CHAIN COMPANY
ITHACA, NEW YORK
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G.T.M. - Specified

GOODYEAR PLIOWELD-LINED MINE PUMP

CAPACITY: 6,000 gallons per minute

Engineered by Frick-Reid Supply Corporation, Pittsburgh, Pa.

PUMPING 4 BILLION GALLONS of ACID WATER

-a "PIPE" for the G.T.M.

IN THE March 1936 floods a number of connecting coal mines near Uniontown, Pennsylvania, were inundated. A sea of water — more than 4,000,000,000 gallons — completely filled the workings and soon became contaminated with sulphuric acid from sulphur in the coal strata.

Last summer when it was decided to pump out the mines it was discovered that this acid content was strong enough to attack and quickly destroy the 430 feet of 16" iron pipe required to raise the water to the surface. Estimating that the entire installation would have to be replaced at least *two* or *three* times, the engineers called in the G.T.M.—Goodyear Technical Man.

Plioweld does the job

On recommendation of the G.T.M. the entire 430 feet of pipe were lined with Goodyear Plioweld acid-proof rubber, and the exterior Plioweld-covered to the water line. The 5" pump drive shaft was also sheathed with Plioweld. Three such installations with a combined capacity of 18,000 gallons per minute were sunk.

Today, nine months later, the entire 4,000,000,000 gallons of acid water have been pumped out — *with no harmful corrosion of equipment* — and all three installations can be put down intact in other mines. Goodyear Plioweld-lined equipment will give you this same positive protection and freedom from replacement expense in handling any acid, salt or alkali solution. For complete information write the G. T. M., care of Goodyear, Akron, Ohio, or Los Angeles, California — or call the nearest Goodyear Mechanical Rubber Goods Distributor.

THE GREATEST NAME IN RUBBER

GOODYEAR



Planning the Less Abundant Life

A GOVERNMENT official sends out letters under frank to 9,500 lawyers who are on salary or fee basis with his department, soliciting their business for a private lawyer, on the ground that he has an "intimate knowledge of the government departments, bureaus and agencies," and with the assurance that "many of us will turn to him for assistance and advice in his capacity as a private lawyer."

The private citizen—the few of him who are left of a rapidly declining race—feels his gorge rise at the spectacle of a public servant appropriating stamps and stationery and the time of employees hired by the citizen for other purposes.

But there is a graver concern. When it is thus brought clearly to view that one of the 150-odd federal bureaus employs the services in whole or part of 9,500 lawyers, the citizen begins to wonder how many of the 175,000 lawyers in the United States are receiving federal pay.

In reality there are two governments in Washington. One is the regular constitutional establishment in which the law-making function is assigned to Congress. The other is the rapidly growing jungle of bureaus and commissions, boards and authorities which exercise all three governmental functions—the legislative, executive and judicial. Under the guise of executive orders or regulations, they are proclaiming laws in an unending stream, telling the American what he may do and what he may not do. In 149 instances, the American Bar Association found, a permit or license bearing the seal of an administrative bureau is made a prerequisite to carrying on a business or some other form of activity.

The Secretary of Agriculture, the man, may pay more for land conservation to the farmers of Iowa than he chooses to pay the farmers of New York, and only recently announced that, in his own good time, he would decrease the penalties of fine and imprisonment upon those who violated the crop regulations. The Administrator of Relief, the man, can decide that the relief wages shall be higher in California than in Connecticut. The Secretary of the Interior, the man, warns effectively that if a city does not do as he likes in planning a \$42,000,000 bridge project, he "might change his mind" and refuse the federal grant.

The Secretary of Labor, the woman, decrees pottery workers upon government contracts must get \$17.10 a week, and hat and cap workers \$27.

What a spectacle for America! Formerly the law was on the books where all might read; today it is carried around under the hats of men in government offices.

Here may be found one answer to our continuing depression, to the continuing stagnation of business activity, and to continuing unemployment. We have put leaders into straitjackets of unwritten law. The citizen can no longer remain at home, study the statutes and decide what course of action is legal. He must either take in hand his brief case or send a lawyer to Washington in the hope of finding someone among 117,000 federal employees to tell him what the law happens to be that morning.

Inland Steel, for example, after it found its man, was unable for ten months to get the law. The Douglas Aircraft got a decision from one authority only to learn a year later that the earlier decision no longer stood and back pay was awarded to ex-convicts.

Political authority each day submerges more and more of the prerogatives of the citizen. This "new despotism"—so-called by the Lord Chief Justice of England—substitutes bureaucratic decree for legislative deliberation.

This short-cutting in government, demanded by administrative officials eager for more power and impatient of constitutional restraints, will in the end exact a price that will bankrupt the America we have known.

Ill-considered reforms through the centralization and expansion of political authority are already exacting their toll—fear of one's government, and back-breaking costs. They provide the tragic spectacle of free men forging their own chains—the tragic spectacle of planning the less abundant life—the tragic spectacle of demoting the general welfare, of lowering our standards of living to those of other bureaucracy-ridden countries of the world. America, this way out!

Mere Thorne



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GEORGE LOHR

In Senator Harrison's opinion, only business activity can balance the budget

A Streamlined Tax Program

By SENATOR PAT HARRISON

CONGRESS should approach the enactment of tax laws from two points of view:

FIRST, to provide the necessary revenues to pay the expenses of government.

SECOND, in raising the necessary revenues, to apply the rule of ability to pay, without hampering the economic progress of the country.

Sometimes increasing expenditures are permitted to dictate tax policies, with too little regard to the effect of taxes upon the national welfare.

Tax burdens are borne to a greater or less degree whether one is a big business man or a little one; an employer or employee; a producer or consumer; rich or poor; old or young. Whether one knows it or not, in times

THIS VETERAN legislator believes revenue measures should raise money without hampering economic progress. He explains how the new Act attempts to do this

such as this he will feel the effect of taxes every day of his life.

Substantially every dollar of revenue comes out of earnings. The federal tax is piled on top of the state, county and local taxes. Everyone's happiness and welfare depends largely on security—certainly of a livelihood today and tomorrow, assurances of opportunities, freedom to work and freedom to worship. Employment is more important than temporary re-

lief. Fundamentally, the security of employment and savings still depends upon private enterprise, despite the assistance which government can and does try to give.

The depression has called for large appropriations for relief of the unemployed. It is unfortunate, but to a greater or less extent necessary. While the expenditure of this money has temporarily saved millions from distress and suffering, no one can say

that we have solved the unemployment problem.

Present conditions only emphasize the fact that private enterprise and not the federal Government must carry the major burden. The wheels of industry must be made to turn more rapidly. Employment comes only from business activity. When business slows down, everyone feels the effect. The object of a sane and safe government is for private pay rolls to absorb relief rolls. There is no other permanent solution. The only way for the federal budget to approach a balanced condition is through an increase in the national income, which is always based upon business activity.

To improve the tax laws

AT THIS session of Congress, an effort was made to comply with the request of the President for a general revision of our tax laws. For six months, the House Committee on Ways and Means, and the Senate Committee on Finance worked zealously and constantly. A great many witnesses were heard, representing every class of taxpayers. Business men, financiers, labor leaders, economists, appearing before both committees and before the Senate Committee on Unemployment, testified that the thing that was most retarding business and preventing it from giving normal employment was the effect of two federal tax laws: The capital gains tax and the tax on undistributed profits.

At the conclusion of the hearings, Congress set about remedying this condition. The new tax bill, in my opinion, goes far to remedy it. The bill as agreed to in conference encourages the production of more income in as many directions as possible. It encourages potential investors to put new money into private enterprises. It permits the release of frozen capital. It seeks to induce investors to take profits. It stimulates a larger and healthier volume of business activity by adopting reasonable and certain rates of corporate taxation.

Above all, it should result in jobs for many of the unemployed. Profits, new money, release of frozen capital, greater business volume—all these things can be translated into simple terms of more work, more jobs.

Three features of the bill are particularly important: The new provisions for taxing capital gains, the provisions encouraging the liquida-

tion of complicated and unnecessary corporate structures, and the amended corporation taxes.

Careful attention was also given to many other provisions which would simplify the revenue laws, increase their certainty and remove inequities. These provisions are too numerous to discuss in detail here. Nevertheless, substantial benefits should result.

A great increase in trade and employment should result from the revision of the method of treating capital gains and losses provided in the proposal.

Since 1934, capital gains and losses have been included in ordinary income and taxed at full normal and surtax rates, except that the amount of the gain taxed is somewhat reduced according to the time the property has been held. Capital losses are deductible only to the extent of gains plus \$2,000.

Evidence presented to the tax committees of Congress indicated that no feature of our revenue laws had a more detrimental effect than this. When individual surtaxes were raised to 75 per cent, plus a four per cent normal tax, taxpayers simply refused to become partners with the Government and share the profits, four-fifths to the tax collector and one-fifth to themselves, while carrying the entire

rates. But it gives the long-term investor a chance to earn a decent profit, subject only to a reasonable flat tax by the Government.

Briefly, the new proposal is to tax capital gains as follows:

Gains from the sale of assets are separated into short-term gains and long-term gains. Short-term gains are defined as those arising from the sale of property held 18 months or less. These gains must be included in ordinary income and are taxed as such. Short-term losses are deductible only to the extent of gains but, if there is an excess of such losses in one year, it may be carried over and applied against the short-term gains of the next year.

Gains on property held more than 18 months are defined as long-term gains. If the property is held more than 18 months but less than two years, the gain is taxed at 20 per cent. If the property is held more than two years, the gain is taxed at 15 per cent. The small taxpayer, for whom a 15 per cent or 20 per cent tax would be excessive, is given the option of including one-half the gain in his net income. Deductions for net long-term losses are provided, consistent with the taxation of long-term gains.

In my opinion, this proposal will give a real stimulus.

To the investor, it says:

You can put your money into business, take a chance with it, and if you win, you will have to pay only 15 per cent on your profit.

Encouraging business

TO THE owner of a business, it says:

You can get new money now from the public to expand your plant and give more employment.

To the man walking the streets, it says:

You can look to business now for a job.

Furthermore, the Government will lose no revenue from the capital gains tax in helping business. In the years 1926 to 1933—which includes four bad years as well as four good ones—we collected \$1,350,000,000 from a 12½ per cent capital gains tax, or an average of \$168,000,000 a year. In the past four years, with capital gains taxed as ordinary income, we have collected only \$300,000,000, or about \$75,000,000 a year.

Even if viewed solely from a revenue point of view, the evidence is all in favor of the reasonable flat-rate tax.

Closely allied to the capital gains
(Continued on page 87)

"THE TAX barriers, both real and imaginary, have been let down. If business goes ahead as we hope it will, the result will be more income, more employment and more revenue to the Government.

"The goal of \$100,000,000,000 of national income is already in sight and, with the driving force of private capital, it can undoubtedly be reached."

risk of loss themselves. They stopped investing in business because the risks and the tax on possible profits made investment unattractive. The vaults filled with idle cash and tax-exempt securities. Eventually, the streets were filled with idle men, and both government and business were the losers.

The new revenue proposal accepts the realities of the situation. In effect, it provides for a return to the method of taxing capital gains in force from 1921 to 1934. It continues to tax the speculator in short-term securities at full normal and surtax

Socialized Medicine is a Reality

By FRED DEARMOND

THE AMERICAN people never have voted to change their system of medical care to one in which the doctors work for the Government instead of for their patients. Their representatives in Congress never have voted such a change. Nevertheless, the first steps in that transition already have taken place. Whether we like it or not, we have the beginnings of state medicine in this country and taxpayers' money is paying for it.

Original blueprints of the Great Plan called for universal health insurance as a part of Social Security. But its vast scope and gigantic cost, not to mention determined opposition from the medical profession and the lay public, made it necessary to attempt this reform by indirection. Evidence that it had not really been shelved came last year in an inconspicuous news report that employees of the Federal Home Loan Bank Board had formed a Group Health Association to provide all needed medical care for the group. The F.H.L.B., through its director, had pledged \$20,000 of public funds as a share in the support of the movement

A FEW months ago we reported that one government establishment in Washington was using taxpayers' money to guard its employees' health. We warned that the practice would spread. Now we report that it has

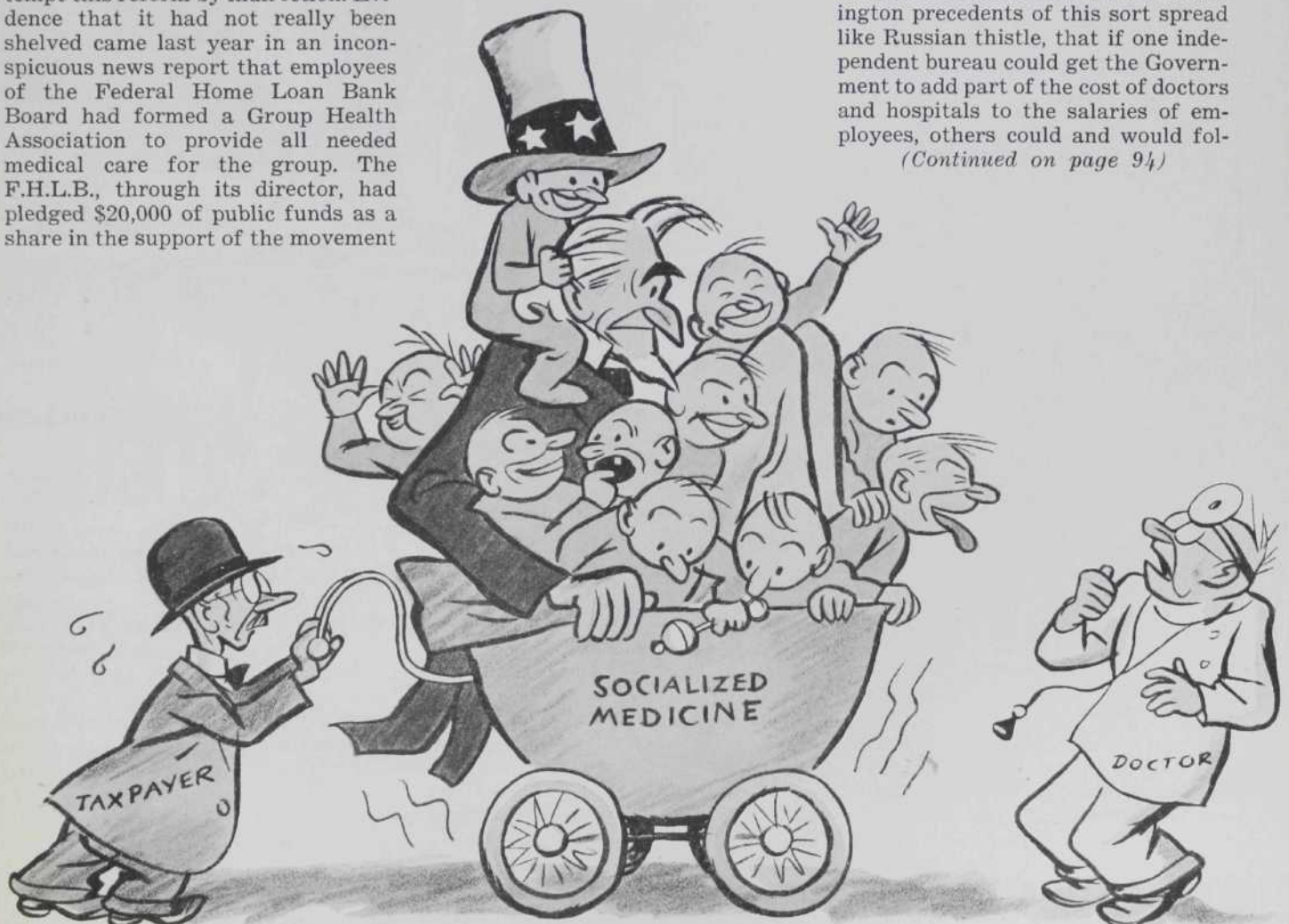
which the Government was to bear. The balance was to be paid monthly by the members. A like amount was promised for 1938. (See NATION'S BUSINESS, November, 1937, "The Taxpayer Pays the Doctor".)

Then, down at the Capitol, Senator McCarran of Nevada wondered how

the Government could thus be committed to so radical a departure without as much as a by-your-leave from Congress. To be sure, the G.H.A. was cloaked with the sacred vestments of employee welfare. It was merely a movement initiated by the employees of this one agency and no one else was to come in on it.

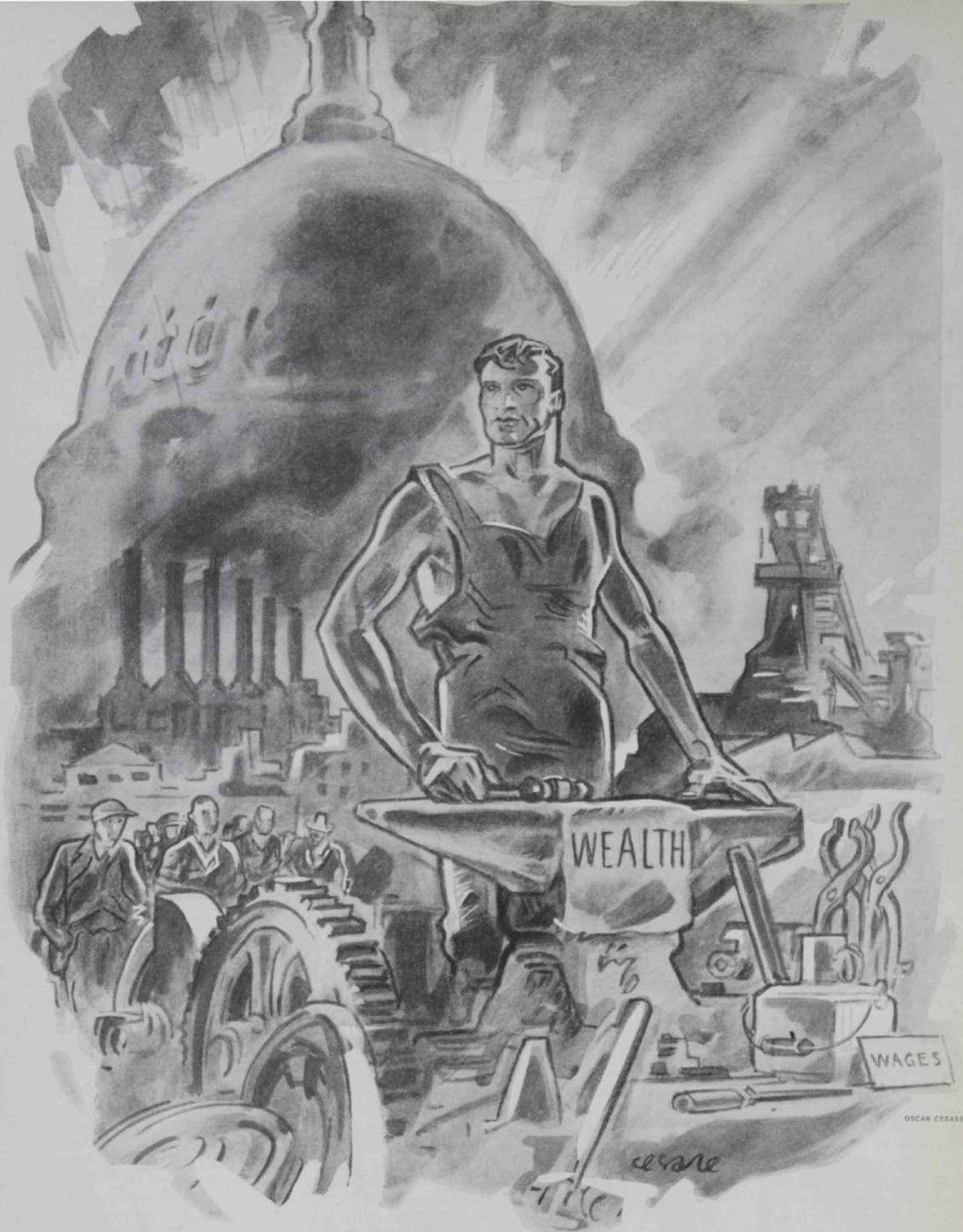
But the Senator knew that in Washington precedents of this sort spread like Russian thistle, that if one independent bureau could get the Government to add part of the cost of doctors and hospitals to the salaries of employees, others could and would follow.

(Continued on page 94)



CHARLES DUNN

If the Government pays part of the cost of doctors and hospitals for employees of one bureau why shouldn't taxpayers provide medical care for all government workers?



IF OUR machinery of production has not kept pace with the growth of population because it has been overloaded with non-producers, changing the form of ownership will not help

The Battle for What Isn't

By SAMUEL CROWTHER

WITH the nation relatively poorer than ever before, we are busy devising new ventures in what basically amounts to economic cannibalism

THE WEALTH of our country through the century ending with 1914, in spite of up's and down's, grew at a steady, definite pace—the upswings were always high enough to take care of the downswings. That is how we became rich. But, since the war, something has silently operated to slacken the pace of our growth.

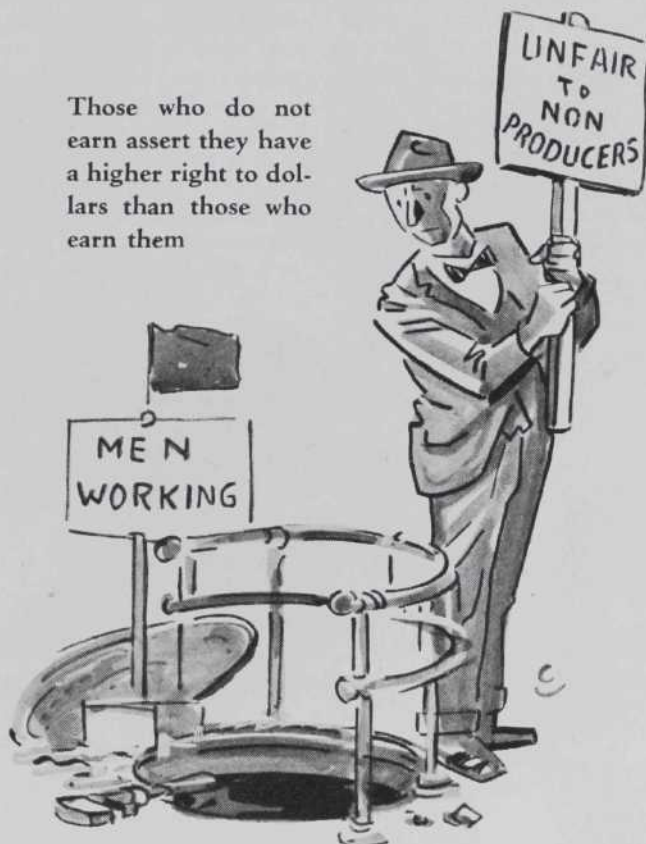
Our production had been growing faster than our population. That is why every American had prosperity as a birthright. That is why we have never had classes. Since the war, the growth of our wealth has not kept pace with the growth of our population. Not even in 1928-29 did the country create enough wealth to make up the post-war deficiency.

By 1936 the deficit in production had so deepened that it would have taken 2.8 times the output of 1929 to make 1936 a normal year according to our more than a century-old standards. In the past we had growing pains. Now we have contraction pains—and try to make ourselves believe they are growing pains.

Contraction pains are un-American. That is why the national scene is so strange and un-American—uncounted millions of unemployed, a money system that has ceased to be an honest medium for the exchange of goods and is a hocus-pocus to conceal the effects of government spending, spenders who do not earn but blatantly assert that they have a higher right to earned dollars than those who earn them, and finally a Government of men who have never managed anything and who ask for strange powers and the suspension of law so that they may manage everything.

What has happened in this country since the war to cause first things to be last and last things to be put first? Because that is exactly what we are doing. Has our whole system of wealth production broken down of its own weight—as the radicals would have us believe? Or have we been beset with personal devils—as the New Dealers

Those who do not earn assert they have a higher right to dollars than those who earn them



Our country has always talked "bigger and better." Our people want to talk that way today. It is the fashion to make most business comparisons from low rather than from high points in the past and to try to forget whatever is unpleasant. That is the American way. But also it is the American way to step in and right things, once it appears that things are not going to right themselves. Today, while most men and women vaguely feel that something is wrong, they do not know what is wrong and satisfy themselves with declaiming against Communism or Fascism or other symbols of organized despair.

The American scene is in no sense unique. The same sort of show is going on in nearly every country. World production has

would have us believe? Or is our case rather a simple one of plain fact in which we need neither uplifters nor orators but merely a few people who are able and willing to count?

Using up our capital

WE ARE now in the eighth year of national mendicancy—since 1931 the country has not earned its living. Today public attention is centered very slightly on discovering why we are what we are and largely on devising new ventures in what amounts to economic cannibalism but which is disguised as a noble welfare project. The nation is relatively poorer than at any time in its history, but, instead of trying to build up our ability to earn, we are making ourselves less capable of earning by drives against the poverty-killing power of the day's work.

not, since the war, kept the rate of growth which it had before the war. Every country is relatively poorer than before the war and there is no international money standard because there are no national money standards. Everywhere money as a servant of the people has been discarded and money as an aid to the State has been put in its place. What used to be known as short-changing has now become respectable as managed money.

With a lower relative production than before the war, all the foreign countries are increasing the number of non-producers that have to be carried by the producers.

Not only are there more governmental bureaucrats and labor union bureaucrats than ever before, but also Russia, Germany, Japan, Italy and now England have made war their greatest industry and are preparing for economic

cannibalism on a grand scale. Spain is already practicing it.

The world picture is confusing because so many things seem to be upside down. But what chiefly marks off the world of today from the world that existed before 1914?

The spenders are rulers

THE pat answers have to do with "social consciousness," Fascism, Communism and the emergence of the have-nots as a political force. But such answers merely string together words which serve to confuse cause and effect.

The fundamental difference between the world today and the world before the war is not that the forms of many governments have changed but that all governments have, to a greater or lesser extent, embraced the theory that it is the State's duty to support the needy and that somehow this duty has to be performed regardless of the ability to perform. The spenders have everywhere been in the saddle and, in the name of social justice, have so drastically levied upon both income and capital that it has not been possible to keep up the old tools, much less make the new tools of production that are necessary to create employment and raise standards of living.

The outstanding feature of the post-war period has been unemployment, and this unemployment exists because governments have taken so great a share of production that little is left over for more production. The dictatorships have been, in effect, receiverships in national bankruptcy. Let us forget all about theories and look at the facts.

Production must grow faster than population if living standards are to advance. If production grows only at the same rate as population, the level of living standards remains unchanged. Living standards, on the whole, judging solely by goods produced and consumed, have certainly not improved since the war and probably, on a world basis, have declined.

Since the beginning of the depression, living standards in this country have declined. All of this has nothing to do with calculations based on dollar amounts of income or with the distribution of income. The distribution of national income has never really been studied. The assertion that one-third of our own people are inadequately fed, housed and clothed cannot be proved. An income is worth what it will buy. In some parts of the country, a cash income of \$500 a year will maintain a comfortable, self-respecting, forward-looking life. In most of the big cities a like income

holds a family on the border-line of destitution.

The actual distribution of income is something that we ought to know. We know only that the total amount of goods now being produced is not enough, no matter how divided, to maintain a decent, much less a rising, standard of living for everybody.

We do not live on the price of things. We live on their volume. But price and volume are so intertwined that the measurement of volume over a period of years is extremely difficult. It has been rendered more so since the war when politicians got into statistics in a big way and found that price increases brought about through debasing money could be used to deceive electorates as to what was really going on.

For instance, increasing wages by law is a sure way to catch the applause and the votes of the simple-minded. The device of index numbers seems to permit comparisons of different periods, but a man can get any result he wants by a selective sampling, by careful weighing and by choosing the base period on which to found the percentages.



Foreign nations have made war their greatest industry, thus increasing the non-producers

Anyone who wants to show that this country is in grand shape needs only to take the period in 1933 as a base and everything thereafter will be lovely. If, however, we take 1929 as a base, things are not so lovely.

For example, the rate of growth of industrial production in the world since 1929 provides figures showing that Japan increased faster than any

other nation, but this does not mean that Japan is now the world's leading producer.

Japan produced 191 passenger cars in 1933 and 930 in 1934, which is a remarkable percentage increase. The United States produced 1,573,512 in 1933 and 2,177,919 in 1934, which is not an outstanding increase on the percentage basis. But the whole Japanese production would not have supported one small American company.

A number of competent statisticians have undertaken to measure the rate of growth of the volume of total business over a long period. They do not pretend that their figures are accurate, but the trends they show may be taken at face value. The most comprehensive calculations have been made by Carl Snyder, who finds that, for the century before the war, the whole volume of business and production increased in the United States at the rate of about $4\frac{1}{4}$ per cent a year and in the world at about $3\frac{1}{4}$ per cent. Of course there were hills and valleys, but the growth went steadily on.

Professors Day and Persons constructed a production index for the period 1870 to 1930 which gave the rate of annual growth as 3.7 per cent. Their index, arrived at in a different manner, conforms closely to Mr. Snyder's. Professors Warren and Pearson, by their own methods, reached the figure of 3.8 per cent. Prof. Frank G. Dickinson, after reviewing all the available sources of information in the course of a study of the cost of the war, finds that the rate of growth of the volume of goods produced in this country before the war was four per cent a year.

Our growth stopped?

PROJECTING that rate of growth into the period 1919-1936 gives a figure for 1936 which shows that, had our pace been maintained, we should in that year have been producing 2.8 times the volume of 1929—to take a year that was generally considered as highly prosperous. Instead of that, the volume of production in 1936 was well below that of 1929, and 1937 did not equal 1929. The Federal Reserve Board reported that industrial production for a while in 1937 was equalling 1929, but its calculations do not include building construction which was running about 50 to 60 per cent below 1926-29 or about \$3,000,000,000 less.

From the spring of 1929 to the spring of 1937, population increased by about six per cent and the working

(Continued on page 124)

Who is Going to Sell Tomorrow's Goods?

By SAUNDERS NORVELL

A MAN who knew intimately the great salesmen of the past compares the conditions they faced with those that are faced today and offers some suggestions

NATION'S BUSINESS has asked me these questions:

Isn't there a definite need for more and better selling? If so, how can the business community do a better job in getting its wares and service into the hands of consumers?

Are conditions so different today that the individual resourcefulness of the men of your generation could be of no avail in making sales?

Can salesmen be made, or must they be born with the required qualities for success?

Are the incentives and opportunities less attractive today than a generation ago?

To answer these questions satisfactorily would really mean a separate article for each.

There is, in my opinion, a definite need at this time for more and better selling but, along with this, comes the need for a reduction in the cost of selling. Today there is entirely too much waste both in actual selling, in advertising which is part of selling, and in the handling of sales, in other words, in sales management. The fact is undisputed that production the past 25 years has doubled in volume per workman, while volume of sales, with all the modern much vaunted aids to salesmanship, is lower today per salesman than it was a generation ago. The improvement in machines and factory management, being an exact art, has increased production of goods beyond the ability of prevailing selling methods, not an exact art but one largely of human relations, to market.

The fact stands out that, notwithstanding the enormous sums spent for advertising, despite hard roads and automobiles; despite the general use of the local and long distance telephone, and modern supposed-to-be effective-



PHOTO-ILLUSTRATIONS BY GEORGE LOHR

He told me the hardest thing for a young man to do is to get from the \$25 a week class up to \$75 a week. From there progress is easy

ness in the management of salesmen from headquarters, the salesman today is not able to sell as many goods as he did 25 years ago. Beyond that, the selling he does accomplish costs more than it used to.

The modern showing, based on actual figures, is very unsatisfactory from a sales standpoint. However, to state that this condition is all the fault of the salesman would be a mistake. Many other factors must be considered.

One of these factors is that competition today is far keener than in the past. The great attention devoted these days to selling, the increased number of salesmen, the increase in selling facilities have divided up the customer's orders so that these orders are smaller than in the past. To increase the size of the dealer's order we get back to the knotty problem of consumer demand, and the financial ability of the consumer to buy what he wants. This leads

us to the question of how to increase consumer demand so that it will increase dealer sales and in turn increase salesmen's sales. How to accomplish this is a problem that has been confusing to the minds of some of our best business economists.

If we do not have the consumer demand to carry all this overhead of advertising and selling, if we find it is impossible under present conditions to increase this consumer demand, then are we not faced with the thought that probably our selling system with all of its ramifications is too heavy for the consumer to carry? In other words, the thought that will come to the analytical sales manager studying modern conditions is:

If, under the present system, we find it unprofitable to increase our general sales efforts, then might it not be profitable for us to decrease and cut down some of these efforts, especially those that are known to be unprofitable.

How can the business community do a better job in getting its wares and services into the hands of consumers?

The people of this country practically all know how to read, almost universally use the radio. If they read the newspapers and magazines, if they read the cards in show windows, if they

listen to the advertising talks on the radio, they certainly must know what kinds of goods are offered and they also must know the prices and advantages of these goods. With a few exceptions, it seems to me that business is doing a good but expensive job in calling attention to what it has to sell.

Seek out what is profitable

HOWEVER, I sometimes wonder if this job is not overdone, if it does not cost too much. In other words, there may be a certain relief to business in cutting down the terrific expense of the exploitation of its goods. *If this should happen to be true, then what is needed is a more careful analysis, not of new fields to conquer, but of present selling methods, with the idea of determining those that are profitable and those that are unprofitable, followed by the careful elimination of unprofitable efforts.*

In my own experience I have found that the net profits of a business could sometimes be increased by reducing sales, in other words, getting rid of those lines and departments which were not only showing no profit, but were actually stealing the profit earned by other departments. For instance, we made an analysis in a concern in

New York doing a manufacturing and jobbing business. We found that we were actually losing money in the jobbing end. This was caused by the tremendous overhead as a result of selling small bills to small dealers, of giving truck delivery within 50 miles of New York and other service and collection expenses.

When this jobbing department was eliminated and the business continued exclusively as a manufacturing concern, we found that, although our volume was less, our profits were greater. Often the thoughtless scramble for more and more volume is a mirage. Many businesses today need careful research into their sources of profits and losses.

The opportunities for individual resourcefulness in selling are just as great, if not greater, today than in the past. The opportunities today for the rapid dissemination of new ideas in merchandising, ideas that will produce profit, are far greater than they were 25 or 50 years ago. In the old days it took a long time to build up a business because the means of communicating new ideas and information to customers were so limited.

Just to illustrate this point, the modern electric refrigerator was al-



A good way to pick salesmen would be to dine with a working-class family and find young men who cheerfully tell their experiences of the day. They are the material that makes salesmen

most unknown ten years ago. This great business has been developed through the worst years of the depression. It was developed by advertising and by salesmanship. I might name many other lines that have also been developed and sold through these depression years. On the other hand, many old lines of business in which no changes have occurred, in which there were no new developments, have attempted to use modern high-powered selling methods with unprofitable results. The answer of course is that, in the battle for the average consumer's dollar, they have lost out to competitors offering things that the consumer would rather buy. Here is an illustration:

Salesmen have been busy

IN traveling over the country you see many a new shiny automobile in front of a cottage that has not been painted for several years. The owner of that cottage could not afford paint and gasoline at the same time, and he preferred gasoline.

As for the great salesmen of the past, I believe that, if they were alive today, they would get out of old businesses that are drying up, and get into other lines that would give their ability wider scope. There are great salesmen in many lines today. Probably they are better posted, know their field of selling and use their equipment better than the successful salesmen of the old days.

For instance, take the automobile industry. Look at what it has accomplished, the changes it has made in the living habits of the country. Could any old time salesman have the effrontery to state that these great sales of automobiles were not the result of selling ability pushed to the nth degree?

Can salesmen be made, or must they be born with the required qualities for success?

It is my belief that the super-salesman is born. You cannot develop him without the necessary inherent qualities that make a salesman. This does not mean, however, that you cannot take the run of the mill and, by training, create a fairly good salesman.

The basis of success in salesmanship is in human relations. Some men are born friendly. They are optimistic. They are cheerful. Others are born just the opposite. Naturally the friendly ones, with the same opportunities and

the same training would make better salesmen.

A good way to pick a future salesman would be to dine with some of our American working class families. These dinners often are depressing affairs. The father comes home tired from work and eats in silence. The mother is busy serving the dinner. The children, as a rule, taking after their elders, amuse themselves either by picking



It is not unusual to find a shiny automobile in the yard of a house that needs a new coat of paint

on each other or by eating in silence.

But sometimes in such a family one young fellow will cheerfully tell of his experiences of the day. He is interested in life and enjoys telling the other members of the family about the people he has met and what has happened to him. Soon they are all listening to this boy. He is the material out of which good salesmen are made. Just take this boy and give him a chance. Train him, and he will go out in the world and sell goods.

Are the incentives and opportunities less attractive today than a generation ago?

Here we open a whole field of review and speculation. What were the incentives 25 to 50 years ago? Usually in the old days when a boy quit high school—and generally he was lucky if he were allowed to graduate from high school—he took the first job that offered. His compensation ranged from

\$2.50 to \$5.00 a week. His employer accepted him with the idea that he knew nothing and had to be trained. If he could not serve in business, he became a laborer, and if he could not work with his hands, then he became an accepted family burden. In those old days, say 50 years ago, there was a lot of unemployment but it was taken up in the families.

We had aunts who came to live with us for a month or two and sometimes remained for the rest of their lives. There were handy men who slept in the basement near the furnace where it was warm. Almost every family who owned a house supported two or three unemployed relatives or hangers-on. These people of course were not on the government list of unemployed. But now, instead of owning homes, many live in apartments. There is no room for extra relatives. There is no place for a handy man in the basement. So it would seem that a considerable part of our present unemployed citizens are victims of changed family living conditions.

Learning a business

IN the old days in England and foreign countries, when a young man finished school, his family often paid concerns for several years to take him on as an apprentice and teach him the business. In many cases young men who afterwards became heads of their lines of business worked for several

years with no pay whatever. They started work young.

Now let us look at the situation today. When a young man, several years older, leaves high school or college, he expects as a natural right that the family should provide him with a job at a living salary. Frequently, after he has this job and the salary, the next thing he does is to get married. Then, if he happens to lose his job, his family has a couple on its hands to support, usually with a baby thrown into the bargain.

Seeking first-hand information on the opportunities for the young man of today, I thought perhaps it would be better if I interviewed some young men on this question. So I have talked to a number of them, some who have made good, some who have failed, and some who are just barely earning enough to exist. Of course those who are not do-

(Continued on page 120)

The Communist Formula for

By RALPH L. WOODS



Singing the "Internationale" and raising their clenched fists firmly, these women marched with the Communists in New York

KEYSTONE



A few of the members of the Communist Party who met at the Metropolitan Opera for the ninth annual convention in 1936

WIDE WORLD

ANSWERING the puzzling question: How much of present labor unrest is the result of subversive activity and how powerful are the Reds in this country?



KEYSTONE

Good fighters on the picket line are always useful. These demonstrated in New York

I WAS sitting on the steps in the aisle of Madison Square Garden, in New York City at a Lenin Memorial meeting. Twenty thousand Communists and their sympathizers had paid from 25 cents to a dollar to hear condemnation of capitalists, praise of Marx, Lenin, Stalin, Soviet Russia, qualified praise of President Roosevelt, and to sing the "Internationale." Four thousand more Comrades, many with tickets bought in advance (no refund), stood outside.

I turned to an usher seated next to me—he has been in the Party for years—and asked how much pay full-time Party workers received.

Revolution

"Most of them get only \$15 or \$20 a week; \$35 is tops. Browder, head of the Party in America, doesn't get any more than that."

"But," I asked, "how can they live on that? Don't they have families?"

He looked at me in mild astonishment. "Certainly they have families, but they live like Communists."

"How do Communists live? Don't they live like anybody else?"

"My friend, you must realize Communist Party functionaries live like working class people, not like middle-class people. Why lots of rank and file Communists live better than the Party leaders, but the Party wouldn't let these men be functionaries if they lived like middle-class people. It's hard for you to understand because you have a middle-class ideology."

I looked about the auditorium. Every American flag was matched by a red flag. Banners pleaded for support of Loyalist Spain, urged boycotts of Japanese goods, and extolled the Party of Marx, Lenin and Stalin.

One section was set aside for 4,000 new Party members who stood up, raised their right fists and, with red spotlights on them, repeated the Party pledge after Chairman James Ford, Negro Communist



Above, police end a demonstration in front of the German embassy in Washington. Below, the Communists protest against war. Some 10,000 attended



Like the majority of American Communists, the girl orator is a New Yorker. The literature, however, was seized in New Orleans

leader and the Party's candidate for vice president in 1936.

Picture of a Communist

FOLKS in Pinto, Texas, and Eastport, Maine, probably think of Communists as fiery-eyed men with bombs up their sleeves. But Ruth and Rudolph Red are not like that at all. Rudolph might be a lad, or he might be elderly; 35 ought to be a fair average age. He probably needs a haircut, goes hatless, and likes to wear navy blue shirts and a leather jacket. Sometimes he is rather well dressed, but never too much so. Ruth's age is about the same as Rudolph's and ordinarily she is not so adept at concealing it. In fact, Rudy—to be comradely—may well be relatively better dressed than Ruth. If they are fat it's probably their glands, not because they enjoy living.

Both of them, if they are well trained Communists, are tireless talkers. It's a reasonable bet they are foreign-born aliens, a better bet they are naturalized citizens, a sporting chance they are native born citizens, and a rather long shot that their American ancestry goes back more than one generation. It's a toss-up whether or not they are unemployed.

However, you can't generalize too much about the Comrades because the

Party will accept anyone who is 18 or older, sponsored by two Party members, and who will swallow the program and statutes of the Communist International and the Communist Party, U. S. A. Although the pledge required of new members varies, the oath administered in 1935 by Kansas-born Earl Browder is a fair sample of the public relinquishment of national loyalty asked of the embryo revolutionary.

I now take my place in the ranks of the Communist Party, the Party of the working class. I take this solemn oath to give the best that is in me to the service of my class. I pledge myself to spare no effort in uniting the workers in militant struggle against fascism and war. I pledge myself to work unsparingly in the unions, in the shops, among the unemployed, to lead the struggle for the daily needs of the masses. I solemnly pledge to take my place in the forefront of the struggle for Negro rights; against Jim Crowism and lynching, against the chauvinist lies of the ruling class. I pledge myself to rally the masses to defend

the Soviet Union, the land of victorious Socialism. I pledge myself to remain at all times a vigilant and firm defender of the Leninist line of the Party, the only line that insures the triumph of Soviet power in the United States.

But even Communists appreciate that Americans who take such a pledge may feel disturbed because of an innate love of country. Therefore they are reassured with:

We are the Americans and Communism is the Americanism of the twentieth century. . . . We are determined to save our country from the hell of capitalism. . . . This is how we love our country with the same burning love Lenin bore for Russia, his native land.

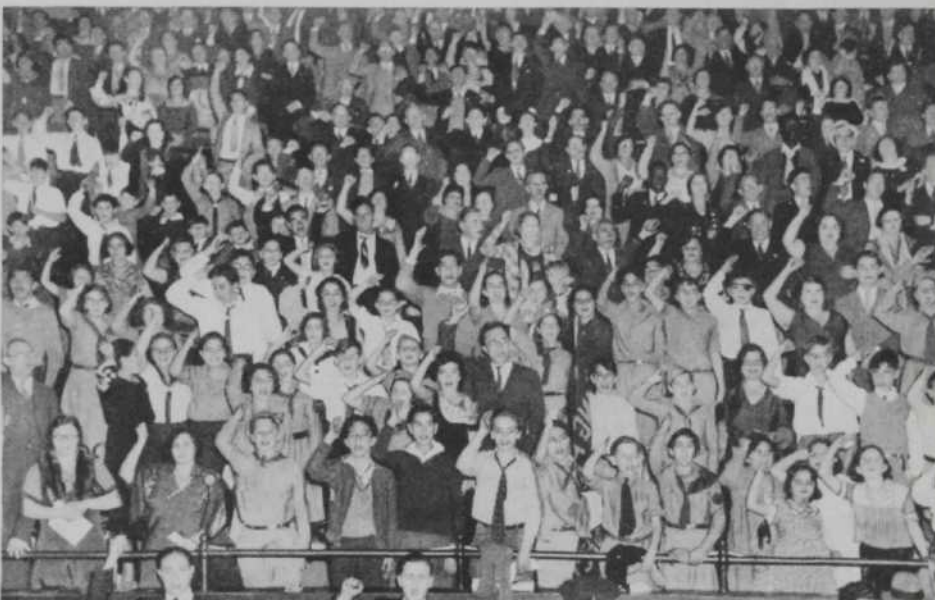
"The True Americans"

THE Comrades are told they are the heirs of the spirit of 1776, the true sons and daughters of the American revolution.

Out of 130,000,000 population, the
(Continued on page 106)

Members of the "Young Pioneers" help celebrate the anniversary of the U.S.S.R.

A few of the 18,000 Party stalwarts who screamed the "Internationale" at this particular rally

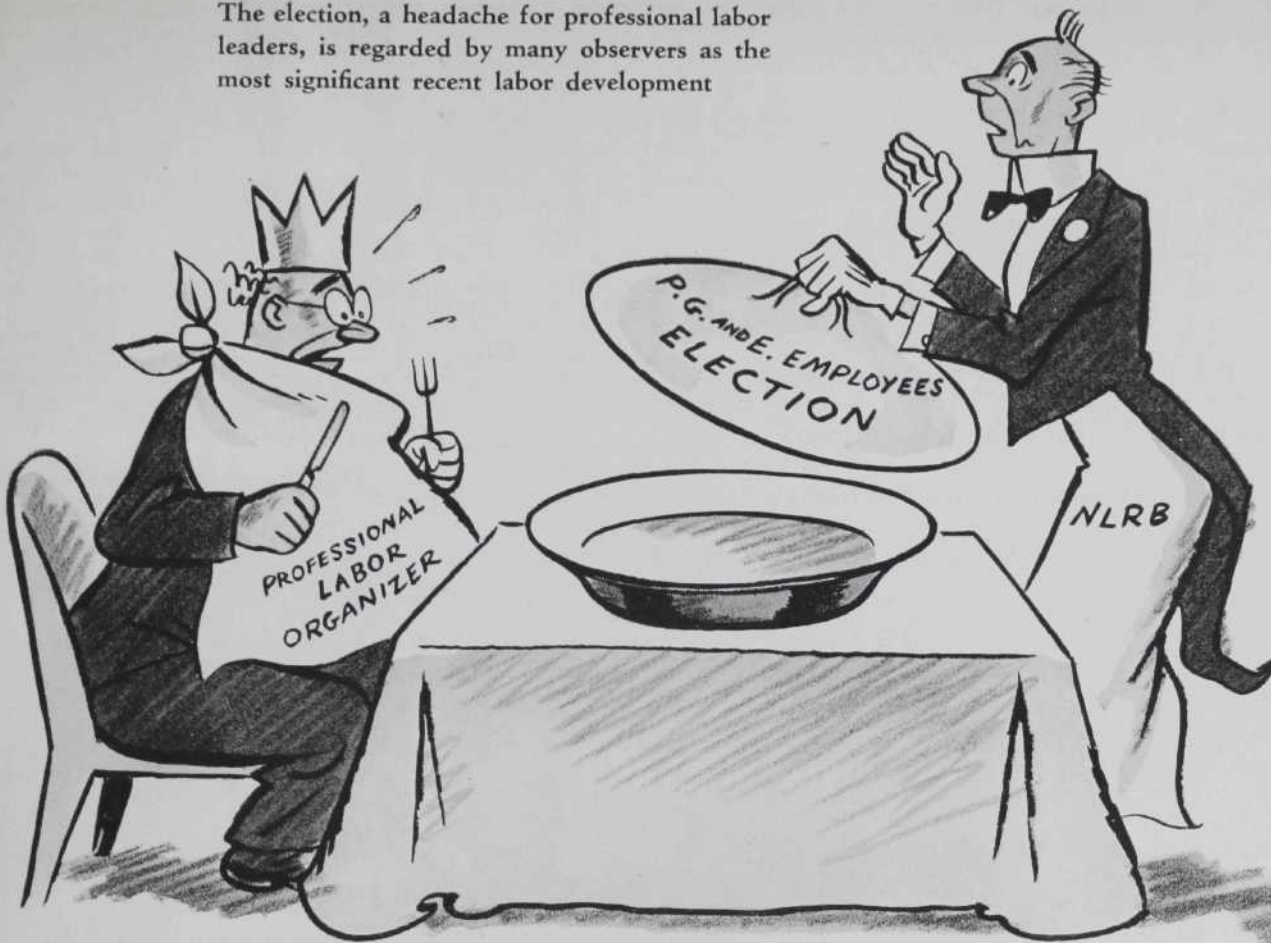


KEYSTONE



PICTURES INC.

The election, a headache for professional labor leaders, is regarded by many observers as the most significant recent labor development



CHARLES DUNN

Without Benefit of Organizers

By PHIL HAMILTON

WHAT'S the best kind of labor union?

Suppose a new amendment to the Wagner Act imposed upon all citizens the civic duty of joining a union, which would you choose, A. F. of L., C.I.O., independent, company union or what?

California citizens who are also employees of the Pacific Gas and Electric Company chose at a recent National Labor Relations Board election to have their own independent union represent them as collective bargaining agent instead of a C.I.O. union.

This election was and still is a big headache for professional labor leaders in both American Federation of Labor and Committee for Industrial Organization camps. Observers regard this defeat for professional labor organizers in a battle of secret ballots as one of the most significant of

THE Pacific Coast is the birthplace of a new kind of union which has no professional labor leaders, no initiation fees, and is incorporated

the many recent labor developments.

This new kind of union, the California Gas and Electric Employees Union, Inc., which P. G. & E. workers themselves have formed, not only avoids any connection with "regular" traditional labor unions, but abruptly departs from the charted course of ordinary unionism in that it is incorporated under the laws of the state as a non-profit corporation.

The by-laws of the C. G. & E. E. U. provide that a 75 per cent vote of the total membership is necessary to call a strike or to affiliate with any other labor organization.

Further, this new and independent union has shunned professional labor leaders in its councils. So far there have been no paid officers. It has been planned, however, to place at least one official on salary to take

care of growing business. So far, there have been no initiation fees, assessments are limited and dues are 50 cents a month as compared to from \$1.00 to \$10 or more in A. F. of L. or C.I.O. unions.

Perhaps it was after reading what C.I.O. leaders said about the A. F. of L., and what A. F. of L. officials called the C.I.O. that P. G. & E. employees decided they could get along without either. Anyway, the campaigning was hot and the independent union victory was hailed as an indication that not all American working

(Continued on page 114)

The Crossroads Learns about Taxes

By ELLEN NEWMAN

UNHAPPY rural citizens discover that plans designed to "sock the big fellows" have a way of rebounding to take heavy toll from their own pocketbooks

OUT IN the regions where only the most rugged individualists survive to retail products of the factories, every storekeeper is a tax expert. Yes, sir, we all have our own ideas about the best methods to employ in collecting money from somebody else and distributing it in places that will help our businesses to become prosperous.

Our prosperity is so closely linked with that of the farmers that we see firsthand proof of what it is almost impossible for business men living in metropolitan areas to understand:

That national prosperity depends to a great degree upon the ability of the agricultural sections to buy and pay for the products of American factories.

More persons in the United States are supported by farming than by any other single industry. Approximately one-fifth of our population is out of the market for manufactured goods when our farms operate without profit.

Naturally and rightly every country merchant is interested in maintaining a buying farming community. Most of us believe that agriculture should have some sort of subsidy, some protection comparable to the tariff which manufacturers enjoy. But how to produce the money without irritating the buyers is another problem.

The processing tax with which the Roosevelt Administration first attempted to save the farmers was an honest effort to produce the revenue necessary to guarantee a measure of rural economic security. It was, in fact, too honest. The name itself betrayed its purpose. It lacked the subtlety which every successful tax measure must have. Every man who buys

a woolen suit pays a tariff which is nothing more or less than a tax. Every time a woman buys a pair of shoes or a fur coat she pays a tariff. But nobody tells her it is a tax, so she accepts it as a part of the price of the merchandise.

Taxes on our food

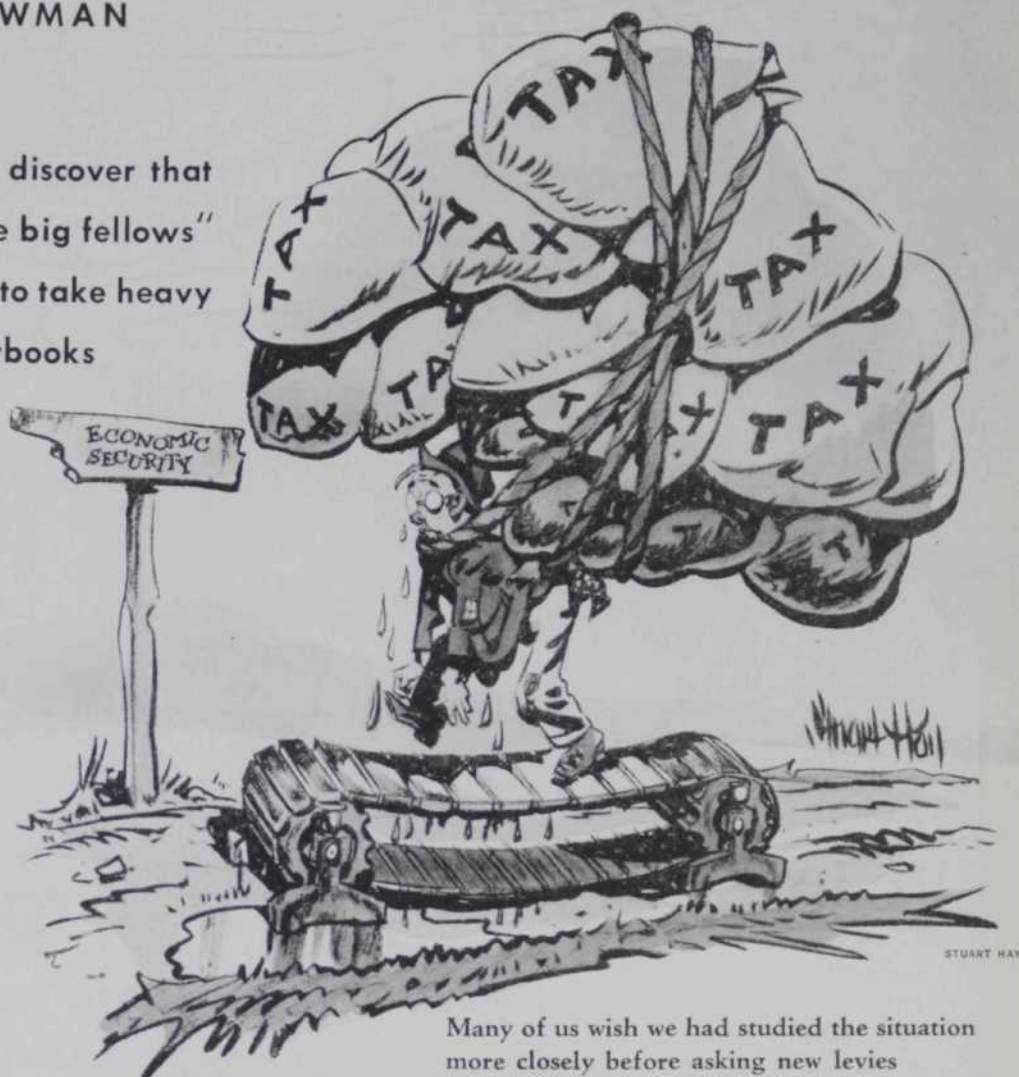
BUT a city woman buying lunch ham for her husband's dinner pail was told by the butcher that the processing tax was the reason the meat was so dear. The woman shopper might well have questioned that so small a tax on a live hog could grow to be so big when the hog was dead. But nobody thought of that. We didn't question. We just knew that this was a free country and that we didn't intend to pay taxes on the food we ate.

Indeed, the housewife buying food is likely to feel that any price asked is too high. Why, hens lay eggs, cows

give milk, and potatoes and beans and tomatoes grow right out of the ground!

That the farmer's investment in capital and labor compares to the investment in a factory does not occur to most of us. Nobody who has had no first-hand contact with a farm can appreciate the mechanics of producing food and cotton and flax. Most of us know, if we pause to think about it, that a sheep once wore the overcoat that cost us \$60 at our tailor's. However, if we followed that coat back to the sheep-raiser's lambing pen and considered the cost of feed and the labor that went into producing a wool crop, it would be hard for us to believe that in a year when the wool price was fairly good, the farmer probably got about \$2.50 for the wool that goes into a coat retailing for \$60.

But the processing tax was just as unpopular with our rural citizens as



Many of us wish we had studied the situation more closely before asking new levies

NEW LOW-COST PAYROLL MACHINE

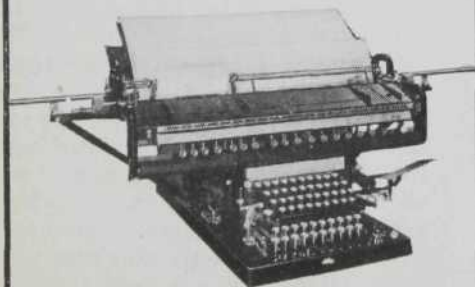
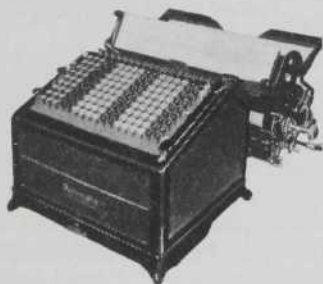
Burroughs

SAVES TIME AND MONEY
in compiling figures required by the
SOCIAL SECURITY ACT



THERE ARE MANY OTHER BURROUGHS MACHINES FOR PAYROLL ACCOUNTING

There are many styles and models of Burroughs payroll machines. All write four payroll records in one operation; many compute as they post and accumulate totals. However large or small your payroll—whatever type of payroll accounting problem faces you—Burroughs can provide equipment to handle the work with exceptional speed, ease and economy.



A typewriter that provides
4 PAYROLL RECORDS
in one writing

- 1 THE PAYROLL**
- 2 EARNINGS RECORD**
- 3 EMPLOYEE'S STATEMENT**
- 4 PAY CHECK or pay envelope**

With fast electric carriage return, electric shift to capitals, and convenient tabulator control—this new Burroughs payroll typewriter writes four payroll records in a fraction of the time required by ordinary methods. It will pay you to see it, as well as other new Burroughs payroll machines from which to select the equipment best suited to your own individual requirements. Telephone the local Burroughs office or mail the coupon.

MAIL THIS COUPON FOR COMPLETE INFORMATION!

BURROUGHS ADDING MACHINE CO., 6106 SECOND BLVD., DETROIT, MICH.

- ☐ Send me complete information about the new Burroughs Payroll Typewriter that writes four records in one operation.
- ☐ I should like to receive your booklet showing various ways to handle payroll records on Burroughs Computing Payroll Machines and Burroughs Typewriter Accounting Machines.

Name _____

Address _____

with city people. They felt that there ought to be a tax, all right, but they didn't like the idea of paying a part of it themselves. Even though the price of hogs doubled, many of us were convinced that our farmers would be receiving more for their fat hogs with the processing tax removed. We believed that the packers were deducting the processing tax from the farmer's proceeds of livestock sales and at the same time adding it on to the price of dressed meat.

A desire to tax others

"ANYWAY," the grumbling rose into a storm of protest, "why should we pay another tax when all the money is in the East? What we want is a high tax on incomes. Tax the corporations!"

This refrain became a chorus. We thought that we had practically no representatives of the really rich in rural sections. We bear our local rich men no grudge. They are, in the main, quiet, friendly, good citizens. It was the big fellows far away whom we wanted to see made to pay the bill. We had dedicated our efforts to the task of making the rich buy prosperity for all by the simple method of taxing them.

Well, the processing tax became ancient history and we got other

taxes instead, among them the increased burden on incomes. All eyes were focused for a time on the huge incomes and the mythical amount of tax money that would be collected from the men and women who could afford to pay. At last, we thought, we had the solution!

Now, the rural population can scarcely be blamed for trying to find new methods of taxation. The tax bugaboo in most country places has been inherited from ancient times—the tax on real and personal property. This tax is so hard to pay because, no matter whether the property is an asset or a liability, taxes fall due just the same. It seems to us in the country that it would be comparatively easy to pay a part of an income instead of digging into other resources to pay a tax on property that might be called a dead horse that still eats.

Scarcity of big incomes

BUT our joy over finding the big incomes to levy on was short-lived. Somebody dug up statistics to show that, in 1935, approximately 10,000 persons in the United States had incomes of \$50,000 or more.

The scarcity of such individuals was a big surprise to us. We had been led to believe that every block in every city east of the Mississippi Riv-

er had at least one multi-millionaire. Taking the country as a whole, that made less than one really big income to every 10,000 of population. Why, our rural communities could do that well! And . . . stunning thought . . . even if these large incomes were practically confiscated, they wouldn't supply enough revenue to jingle in the pockets of the tax spenders.

At length we realized that, if the income tax was to be made the mainstay of taxation, the small incomes must pay their share, too. States began to pass income tax laws which reached down into the pockets of the small income earners and country merchants were finding out that it is not easy to share a small income with the tax collectors.

Other taxes were increased: luxury taxes, amusement taxes, nuisance taxes, liquor taxes, license fees. Revenue inspectors became a part of our daily business life. Each tax itself amounted to very little. It seemed perfectly harmless and inoffensive. So we helped to foster the idea of hidden taxes in the mistaken conviction that we were helping ourselves.

Too late the man at the crossroads store has begun to understand a fundamental truth about taxation: whenever a tax is imposed, no matter on whom levied or how collected, every citizen helps to pay it.

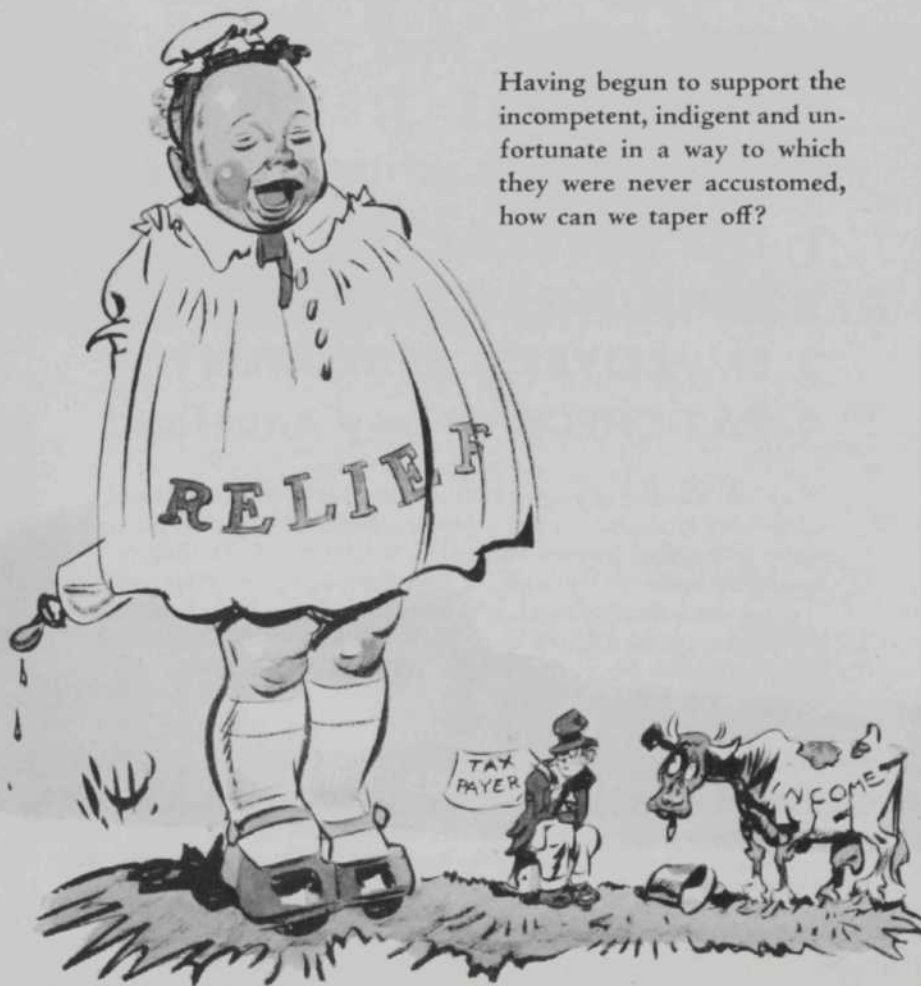
We began to get an inkling of the way the big income taxpayers pass on the tax when the wholesale prices of goods we bought to retail began to go up. When we delved into the causes of increased cost of merchandise, we found that one important item was higher taxes. So we were paying the income taxes and the corporation taxes and the luxury taxes and all the other taxes that we thought we were wishing on a distant part of the country!

Taxes must be passed on

WE couldn't honestly blame anybody for passing on the load. In fact, we passed it on ourselves by charging our customers more for the goods they bought from us. We had to. And, when business volume fell off, we all, from factories down to the smallest retailer, reduced our overhead by laying off men who promptly got on relief rolls and added once more to the tax load.

And, while the crossroads merchant had been helping to devise ways of foisting new taxes on others, our own tax baby was being inoculated with the germs of abnormal growth. It was all so subtly arranged that the damage was done before we realized it.

Taxing units the country over were being offered federal grants for almost every type of public improve-



Having begun to support the incompetent, indigent and unfortunate in a way to which they were never accustomed, how can we taper off?

QUESTION: *Who owns stock in Metropolitan?*

ANSWER: *Nobody!*



WHY DOES no one own stock in Metropolitan?

Because there isn't any stock.

In January, 1915, Metropolitan ceased to be a stock company and became a mutual company.

That change was initiated by the Directors and Officers of the company, in the conviction that it would be for the best interests of all present and future policyholders.

The Company's Board of Directors—which controls the management and maintains general supervision over the affairs of the company—is responsible solely to the policyholders.

In a mutual company such as Metropolitan, the entire assets are held for the benefit of its policyholders.

What happens to money remaining after benefits and expenses have been paid, and after funds needed to meet future obligations have been set aside—including such additions as may be made to the extra safety fund (the maximum size of which is limited by law)? This amount remaining at the end of the year is equitably distributed to policyholders in the form of dividends.

The company is operated with the objective of providing insurance for its 29 million policyholders at the lowest possible cost consistent with efficiency and safety.

This is Number 2 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. A copy of the preceding advertisement will be mailed upon request.

Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker,
Chairman of the Board
Leroy A. Lincoln,
President

1 Madison Avenue, New York, N. Y.



ment. Cities, counties, school districts, were canvassed and urged to make a survey of their needs and apply for funds with which to carry out their plans. Under the sign of the various alphabetical departments, unemployed were put to work and men and women were taken off direct county relief doles and put on jobs where, in three days, many of them earned more money than they had ever been able to earn in six days during the boom days. While the national debt mounted, it seemed a very good deal for local taxing units.

A stimulant with after effects

IT CERTAINLY was a life saver for the country merchant. Sales volumes increased. Families were again buying food and clothing and other articles that they had done without for a long time. The country roads swarmed with second-hand cars, some of them recently bought, many of them driven out of sheds where they had stood for two or three years because the owners did not have the price of license tags.

Whenever somebody mentioned the growing national debt, we shrugged our shoulders and said in effect, "We should worry! People out here pay such a small amount of federal revenue that we won't feel the cost of repaying this money."

Or, maybe we said, "Look at what the war cost us! Nobody objected to that, even though we financed half the Allies. And this depression is a worse menace to the peace and prosperity of America than the World War!"

We made a convincing case of it because we believed what we were saying. Then one day something happened to disturb our dream.

Perhaps we visited the headquarters of one of the relief bureaus and

observed the number of men and women employed there. If we did, we surely wondered how much of the huge appropriation for work relief finally filtered through the hands of this army of well paid men and women to make employment for those who really needed the work.

Or, perhaps we received a tax notice from our county seat and noted on the back of it that our bond levy in the county where half a dozen W.P.A. road projects were in progress had almost doubled over three years ago. And the city bond levy where a new sewer system had been laid, with a W.P.A. grant, had gone up sharply. And the school district, which had built a new gymnasium under the W.P.A. was asking for nearly a third more money.

"Jerusalem pancakes!" we exclaimed at the mildest. "My real estate taxes are a third higher than last year! I thought we were doing all this with federal money!"

Right there we met the worm at the heart of the tax rose. Every time the United States Government made a grant for any public improvement, some local taxing unit was the sponsor of the project. The sponsor supported the enterprise by putting up a portion of the necessary money, ordinarily 55 per cent. To obtain their part of the funds, the taxing units then issued bonds.

In other words, they borrowed money on the future tax collections of states, counties, cities and school districts. This borrowed money is now falling due and will continue to fall due for many years, making an added tax burden on real property. The bond levy is the final chapter of the story.

This would not seem quite so hopeless if the end were in sight. But, having begun to support the incompetent, the indigent and the unfortunate in a

style to which they were never accustomed, the question is: How can we taper off? State legislatures the country over are preparing for a long time struggle with the problem by seeking new means of raising tax money with which to meet the growing demands for relief.

Crossroads merchants in practically every state are now struggling with the collection of sales taxes. We are responsible for the collection of the employees' social security tax, no matter whether we employ one man or a dozen. And a one-man pay roll seems to involve as much correspondence with the Internal Revenue Department as if one employed a whole army.

Corporation taxes hit home

AND now the corporation tax that promised to be such a boon to us has risen up to swat us in the eye. Not a few country business establishments are incorporated. Many local enterprises, such as theaters, creameries, small factories, are owned by a group of local business men and incorporated. The paltriness of allowable deductions on a corporation income tax are truly appalling to us. Many of us are now sadly wishing that we had studied the situation a little more fully before we set up such a howl for the corporation tax. Sure enough, the tax hurts the huge corporation that is supposed to be the enemy of the little fellow. But it also pinches, and pinches hard, us little fellows.

Out here in the country, the petals of the rose that promised to abolish poverty by spending tax money that was paid by somebody else have pretty well blown away. And the worm of taxation is laid bare. Nobody likes worms, especially those that feed on our pocketbooks. But what are we going to do about it all?



We found out we were paying the taxes we thought were being levied elsewhere

National Progress Through the American Business System



Overflow in the court listening to William S. Knudsen's talk

WIDE WORLD

PLANS and opinions, labelled as the views of "business," are put forward daily by persons who frequently have no right to speak for business. The result is confusion. To remove that difficulty and to show what business actually believes—as stated by 2,103 delegates representing 750,000 business men—**NATION'S BUSINESS** presents this review of the annual meeting of the U. S. Chamber of Commerce

In Defense of the American

By GEORGE MORRIS



John W. O'Leary, Executive Committee chairman, said: "We have unconsciously drifted with the thinking of our people into an excess of centralization."

NATION'S BUSINESS invited me to attend the annual meeting of the United States Chamber of Commerce, to mingle with the 2,000 delegates representing 750,000 business men and to set down my impressions. The editor told me I was chosen because I had been the editor of a daily newspaper and president of the Chamber of Commerce in a city of 260,000 people.

He made it clear that I was not to write a "report."

"A roving commission," he said.

I looked forward to the job as offering a new experience. Naturally, I had talked in the past with many business men. But they were only ordinary people, my neighbors and friends. The United States Chamber of Commerce, I had understood, was "Big Business." Here, then, I would have a chance to rub shoulders with magnates and tycoons, all

with Wall Street addresses.

That expectation was short-lived. As I mingled with the delegates, I found myself talking with a department store owner from Great Falls, Mont.; a manufacturer from Lima, Ohio. I talked with an Arkansas oil man; an operator of a small cotton mill from South Carolina; a tobacco warehouseman from Virginia; a proprietor of a grain elevator in Missouri, and a mine operator from West Virginia. Such men—more than 90 per cent of the delegates—hobnobbed naturally with the heads of International Business Machines, General Motors, and other large, widely known corporations.

Another conception, soon changed, was that the views of the fictitious "big business man" were opposed to those of the equally fictitious "little business man." In no case did I find those representing small concerns and those representing large corporations in disagreement on subjects of pressing interest—authoritarian control of business, good will between management and labor, government competition with business, confiscatory taxes, government extravagance and oppressive regulation.

Since what I write will be read, doubtless, by the delegates and 300,000 of the business men who sent those delegates to express their opinions (the editor assures me they are all among his subscribers), I must make it clear that I have taken the common denominator of these expressions. It

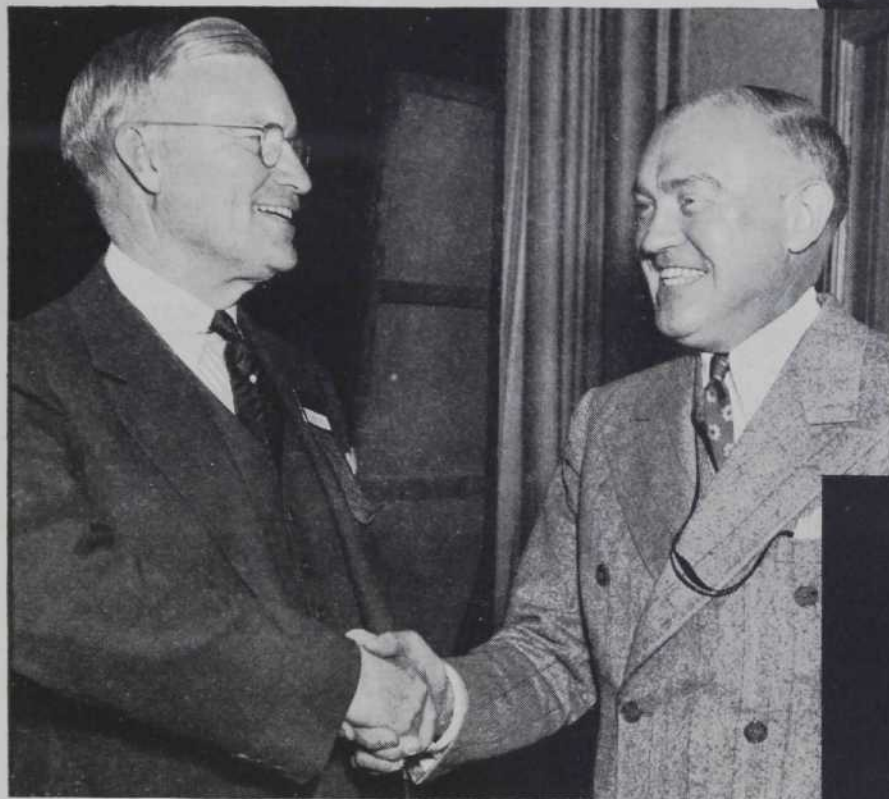


On first day of meeting National Councillors recessed for buffet lunch in the court where they talked over mutual business problems

System



Roland M. James, representing the Tucson, Ariz. Chamber of Commerce talks with Wm. S. Knudsen, president of General Motors



President Geo. H. Davis of Kansas City, reelected for another year, congratulates Secretary of War Woodring who criticized foreign aggression and said: "The foundation of a nation's military strength is economic strength."

is natural that some should be violently extreme on certain subjects one way or the other, while others should stress those things that most seriously affected their industries or their sections and about which they were best informed.

All want prosperity

BUT, among these men who have been variously described as representatives of "Big Business," "Princes of Privilege," "Economic Royalists," as doing all manner of things to keep business from getting better, I failed to find a single one who hoped that things would get worse and thereby vindicate his prediction that only a change of policy will prevent disaster. All wanted increased employment in private industry and prosperity. None was interested in who got the credit. I did not hear partisan

politics mentioned.

A composite picture of the business man would show a fellow singularly lacking in mystery and easily recognized. Back home he is known as a confirmed optimist. He has a long term lease and believes that, at the end of a given number of years, he will employ more workers and require larger quarters. He installed expensive equipment, hoping it would be adequate until charged off by depreciation. He buys in the belief that he will be able to sell for enough to take care of the overhead and have a reasonable profit on his investment. He knows there will be losses but he expects profits to outweigh them. He subscribes to



Fred H. Clausen, president, Van Brunt Manufacturing Company, said: "Isn't it a fact that any institution which lives on its capital instead of its income is headed for bankruptcy?"

the Community Fund, pays the preacher, likes to hunt and fish, is consistently off on his approach shots, and is a keen competitor in business. He meets a pay roll once a week and hopes for a dividend once a year.

He obeyed the Government and raised prices out of reach of purchasers in order to pay higher wages and "parity" prices and, when workers



At the Annual Dinner for Honor Guests, Wm. L. Clayton of Anderson, Clayton & Company, cotton merchants of Houston, Texas, said: "Does anyone imagine that a people submit to dictatorship because they like it? Post-war dictatorships have been born of economic crises."

were laid off because of reduced sales, his taxes were increased to provide for unemployed. It doesn't matter whether the man was a du Pont or a Verne Wilson, from Youngstown, these characteristics prevailed.

If I had to write only a paragraph, I would say that the outstanding characteristic of the composite delegate was bewilderment. My composite business man—and to make his location and business more real, I will say that he runs a small manufacturing plant in Terre Haute, Ind.—is confused by a multitude of things he never had to wrestle with before.

He cannot understand why leadership, managerial responsibility and authority in business should be wrenched from those who have risen to leadership by success and skill in

specialized callings, and given to those who have succeeded in obtaining political power. He knows something of the blighting effect of bureaucracy. A host of government bureaus and 100 commissions with authority over nearly every trade could not help touching the life of every community.

If our business man hesitates to abandon traditional customs known as the American system and accept the new order, we must be patient with him. He grew up under the idea

that political freedom and economic freedom go hand in hand. He is grounded in the belief that, when one goes, the other will go. Being close to his customers he knows that taxes come out of the market-basket, that business opposes taxes, not because it pays them, but because it collects them. He knows that excessive restrictions and regulations slow down trade, and his life is devoted to speeding up trading in goods, labor and services.

He would have more faith if the planners were experimenting with their own money, businesses and goods. What *he* has, came the hard way. Before condemning him for not suddenly becoming a shouting convert to the theory that the country can spend its way into prosperity, it should be remembered that he grew up in an age in which a different philosophy pre-



On first day of meeting registration tables were jammed; overflow crowd in court and corridors listened to reports of Councillors on conditions in various parts of country

vailed. Maybe he will come through and enter into the joy of Utopia. If he doesn't, the planners will have the consolation of having done the best they could with what he provided them to work with. If they fail, he can start over again.

I noted that the discussion was

critical, but the criticism was of methods rather than aims. The delegate did not question the validity of the principle that federal taxation should be imposed in accordance with ability to pay, but he recommended repeal of specific taxes which have discouraged new investment.

Admits labor's rights

HE did not question labor's right to organize and bargain collectively through representatives of its own choosing, but he was critical of a law so administered that no employer expects justice from its administrators, while irresponsible labor organizations do as they please. I found what he believed well expressed in a New York Times editorial:

Confidence is the key to the situation. And the Government can best contribute to a restoration of confidence by revising policies and amending laws which in practice have proved to be unreasonable, punitive and fundamentally adverse to the expansion of business and employment. That can be done without a surrender of the social objectives of the Roosevelt Administration. If it is not done, the continued stagnation of business is bound to place those objectives in danger.

I asked many men about this lack of confidence.

"What is it that confuses you?"

Boiled down, the answers went something like this:

Having contradictory policies to reach the same objective. For example, we are told that artificial price rises will increase employment and consumption; and also told that, to increase consumption and employment, prices must be kept down. Price increases are undertaken to restore agriculture to parity with industry, and prices of the things the farmer buys

are increased. Marginal agriculture is eliminated on the one hand and marginal production maintained by subsidies on the other. Employers, employees and consumers are thrown into conflict as to who shall bear the cost of artificial price rises. There is conflict between maintaining anti-trust laws and providing for monopoly under the codes.

The Government limits private production and then goes into business where production already is ample. The Government repudiates obligations under contracts and insists that private contracts be observed. I have never known an individual or an industry which could squander itself into prosperity and I don't believe a nation can.

"You are critical," I said. "Have you any constructive suggestions?"

The answer was:

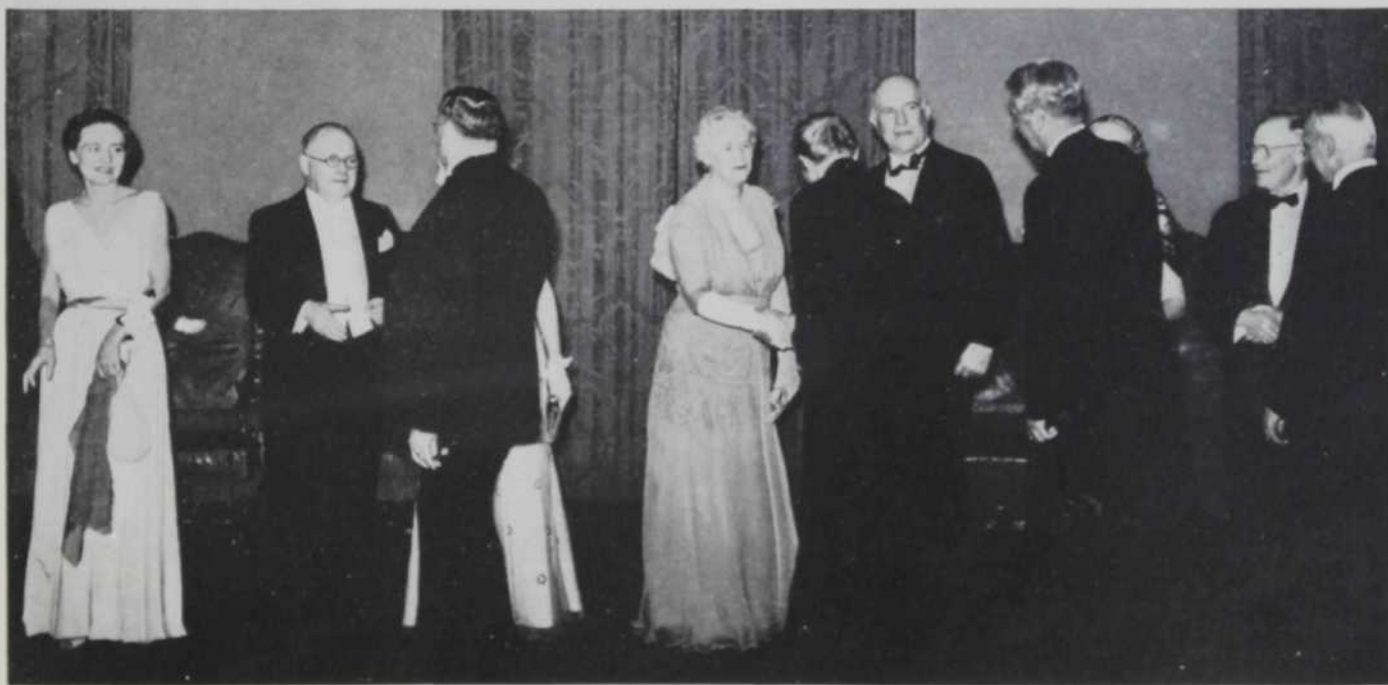
Sometimes so-called destructive criti-

cism is the most constructive. It is considered "destructive" criticism to say that \$3,000,000,000 is too much to spend but it is "constructive" to say it is not enough. Furthermore, whoever said that nothing has been offered in place of what the planners have prescribed had not talked to the business men I know. In the first place, government efforts to end the depression have fallen short. Congress should reexamine the measures adopted for the emergency and remove unnecessary regulations. Regulation carried to the point of destruction cannot be said to achieve its purpose unless the purpose is destruction. The country needs to be free from threats of punitive legislation, threats of added costs and harassments, threats of unknown liabilities, and threats to the supply of capital and credit that industry must have to continue and develop its enterprises.

One situation that disturbed all



At Nacos Dinner, Father Walsh held rapt attention of audience on his subject, "The Business of Democracy." Among the listeners were: C. C. Young, H. B. Wood and C. S. Anderson of Worcester; Herold Leslie and W. H. Flood of Springfield, Mass.



Guests and delegates were welcomed by Chamber officials at the Annual Reception and Dance

delegates more than any other was labor.

"What about the labor situation?" I asked the composite Delegate.

The answer was:

Business and industry and many workers have protested against the administration of the Labor Relations Act. Business men have been criticised for demanding repeal of the law. It is said that we should favor amendment. The record of the law is three times as much conflict between employers and employees in one year than was ever known in any previous year. Such record calls for repeal. If the act is not repealed, there should be a board that recognizes the Government's obligation to be impartial between employer and employee and between different labor organizations. The present board is incapable of such fairness.

As to wage regulation

"WHAT do you think of wage regulation?" I asked.

I see a lot of trouble ahead if the bill becomes a law. Employers will be relieved of negotiating with workers. Wages will be fixed by statute. When employees are dissatisfied with wages and hours they can take the problem to Congress or some board established by Congress. They say a minimum of 40 cents an hour and a 40 hour week will tend to restore prosperity. Why don't they make it 80 cents an hour and a 20 hour week and restore prosperity twice as fast.

"Has business anything to say

about Government competition with private enterprise?" I inquired.

I know something of that from personal experience. I pay taxes to the Government which uses my money to finance a competitor to put me out of business.

The Delegate, I found, had an abiding faith in the ability of the American business system to bring national progress and he had no faith in any other system. The first step toward restoration of national economic equilibrium, in his opinion, is to eliminate obstructions which prevent full utilization of business resourcefulness. The outstanding causes of business hesitancy, he believes, are excessive taxation, discouragement of investment in private enterprise, attempts to regulate arbitrarily the relationships of employer and employee.

The President of the Chamber of Commerce naturally would be one of those to whom we look for leadership in this group. An "impression" of the meeting would not be complete without some reference to President Davis' part in the program. Over his desk pass thousands of letters from business men who look on him as the leader of the organization which they support morally and financially. In addition, he has travelled thousands of miles in the past year meeting groups in every part of the country.

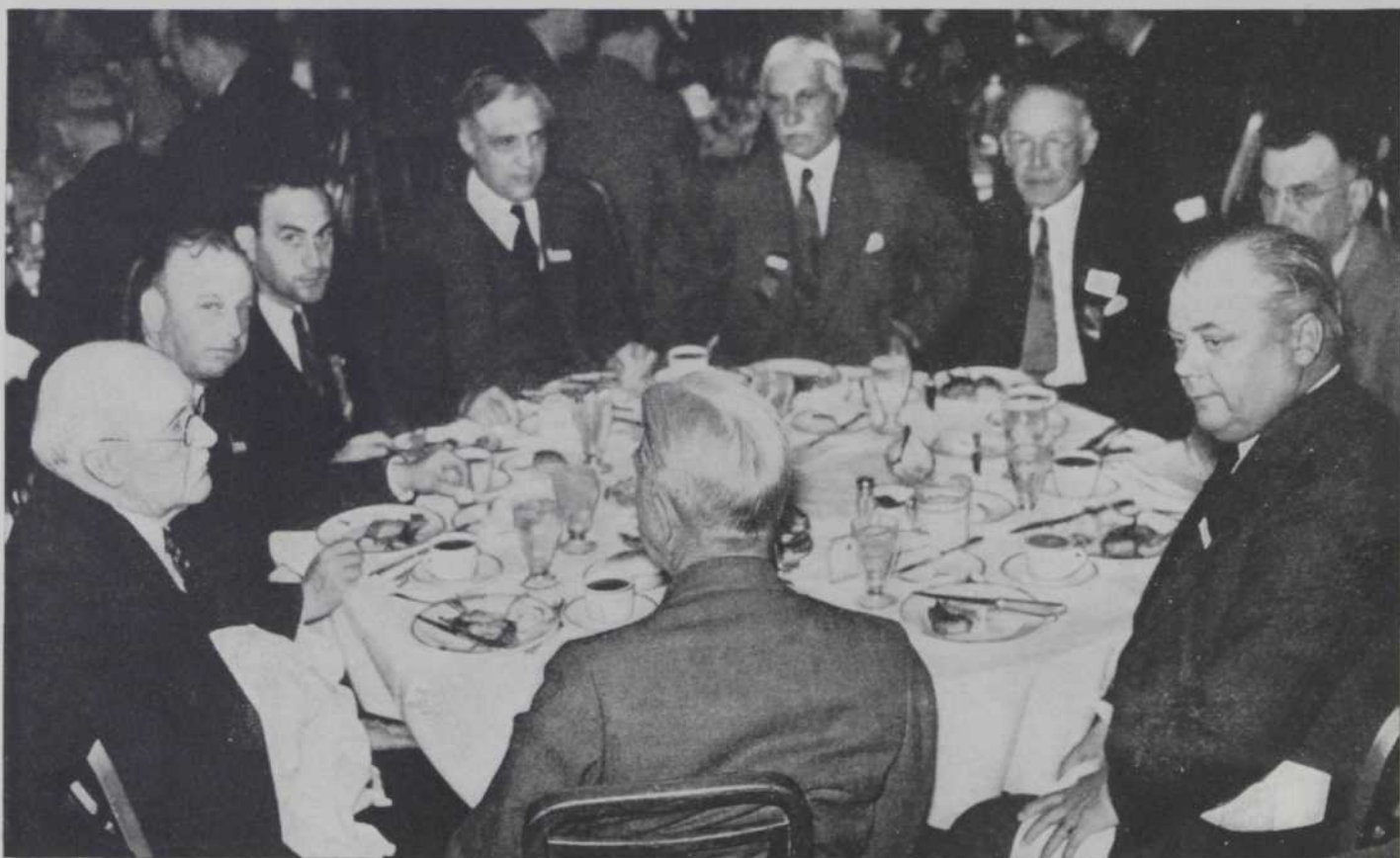
Finally, a good test would be to consider the reception of what he had to say. I pick out a few things that drew the most applause.

On the subject of "What Helps Business," he said:

Back of all of the questions that will be brought before you for discussion in these three days lies a much larger question. It is whether the American system of business is to endure or whether some other kind of system is to take its place. Fortunately, we need not make that decision now. But it might be well to remind ourselves that such questions are seldom answered directly by a "yes" or "no." We reach a decision by gradual stages, sometimes without knowing it, yielding in one place, compromising in another, until we suddenly discover that we are completely off the old track and it is too late to turn back.

And again he seemed to reveal the law and the gospel, when he said:

You and other business men are the custodians of this system. You are its spokesmen. If you do not take the trouble to justify it in the eyes of the public, no one else will. You may be engrossed in keeping your own enterprises going, in keeping your own heads above water and meeting pay rolls, but there is not much consolation in the assurance that, if the system goes down, others as well as yourself will go down with it. If business men were half as zealous in weeding out economic fallacies as the reformers are in sowing them, we probably would have escaped the serious predicament we are in today.



Representatives of almost every type of industry heard Senator Burke declare that the depression was caused in considerable part by government-sponsored industrial strife. Here are C. F. Conn, of Giant Portland Cement Company, Philadelphia (back turned) and to his left, H. H. Rumble, Norfolk, Virginia attorney; H. O. K. Meister of Hyatt Roller Bearings; Geo. K. Batt of Dugan

Brothers, Newark; John F. Ahlers of National Cash Register Company; E. M. Ayers, producer of iron and steel moulding sands, Zanesville; J. I. Holcomb of Holcomb & Hoke Manufacturing Company, Indianapolis; L. J. Eibert, Crescent Coffee Company, Minneapolis; O. J. Corbett, Secretary National Retail Tea and Coffee Merchants Association

Needs in the Field of Labor

A SYMPATHETIC appreciation of the problems and the viewpoints of working men, a tolerant, give-and-take attitude toward labor unions, and an urgent demand that something be done at once about the unworkable National Labor Relations (Wagner) Act marked the discussions of labor affairs. Harmonious cooperation between management and workers, it was suggested, affords a better basis for promoting business recovery and maintaining industrial peace than reliance upon government dictation to employers and employees.

Over and over it was asserted that the Wagner Act, instead of providing a peaceful way of settling labor disputes—the announced purpose of the law—has inaugurated the most bitter period of labor strife in the nation's history.

Senator Edward R. Burke termed the Wagner Act America's "Public Enemy Number One." He cited a number of specific cases to show the bias and prejudice exhibited by the National Labor Relations Board against employers, against unorganized workers and against certain unions as opposed to a favored union. The key to the policy of the Board he declared is that "It considers itself an agency whose chief aim is to bring about as quickly as possible *compulsory unionization*." He continued:

In the name of a law that was heralded as the workers' Magna Carta, professionally organized strife has been openly encouraged. This has driven a wedge between workmen and managers in industry and has resulted in the exploitation of wage-earners for the advancement of a selfish and mistaken minority.

As the law is being administered there is no chance for the development of that friendly feeling of mutual interest between workers and management that must prevail if any business venture is to have a chance of real success. How can you hope for such friendly relationship when it is decreed that the employer must not talk to the men in the shop concerning their problems?

From these facts he reasoned that the Board must be changed, replaced by men who can be sufficiently impartial to exercise quasi-judicial duties. But a new Board is not enough, he went on. The Act itself must be revised drastically. The preamble should be made to speak the truth instead of libelling employers. Employees must be provided with protection from intimidation, not just from employers but from fellow workers, union organizers or any



J. J. Pelley (left) and William S. Knudsen discussed labor problems and railroads. Said the first: "If their competitors get subsidies there is no sound reason why railroads should not." Said Mr. Knudsen: "Unions today must depend on force in defiance of the law."

others. The worker should be assured of an impartial medium through which he can choose whether or not he wants to join a union and, if so, what union. Unfair acts by unions should be defined. Qualifications of Board members should be specified. Rules of evidence followed in the courts should be required in the Board's hearings.

Need for understanding

W. GIBSON Carey, president, Yale & Towne Manufacturing Company, said that higher living standards can be attained and mass unemployment eliminated only through a better understanding of what business is and how it functions:

Vexing problems must be solved . . . not with government as the master, but with government fulfilling its traditional role of helpfulness to business.

A strong plea for more effective cooperation between management and employees was made by Cyrus S. Ching, Director, Industrial and Public Relations, United States Rubber Products, Inc.:

I have no quarrel with the proposition that employees should be given the opportunity to deal with employers through any organization that they see fit. I think this is sound, but the responsibility for building up proper relationships still

rests with those groups after the groups have been determined, and if both groups do not approach the matter on the basis of honesty and integrity with a realization of each other's problems, nothing but trouble can ensue.

I think we should be a bit realistic about our relationships with organized labor. True, certain industries have been organized; organized labor has been tolerated when it was strong enough to hold its own; not tolerated or recognized when not strong enough. In other words, have we ever really dealt with organized labor? Have we ever thought that there might be benefits to industry through dealing with organized labor? Do we today want to deal with organized labor?

Well, let's make up our minds that, whether we want to or not, we are going to deal with organized labor to a much greater extent in the future than in the past. If we want to be realistic about this thing, why don't we, instead of getting our impressions about organized labor leaders from others and having them get their impressions of us from other sources, sit down together and discuss our mutual problems, realizing that there will always be substantial differences of opinion. But if we could, in the next two or three years, reduce the area of conflict which now seems to exist that would be a real accomplishment.

Isn't it about time that organized labor and industry sat down together to discuss their mutual problems, and then told their representatives in Congress what they both believe would be for the best interests of our country?

An optimistic note came from George H. Houston, president, Baldwin Locomotive Works, in connection

with the resistance to the Labor Relations Act. Said Mr. Houston:

I think the actions of the past week are significant. First, that outstanding opinion by the Supreme Court on the Kansas City Stock Yard case, which set down in clear and unmistakable language the obligation of administrators under administrative law to observe the fundamental principles of fair play, and the rapid retreat of the Labor Board from the Ford case and the Republic Steel case.

ard of living. The one way of increasing the standard of living is to apply more brains, more industry, more science, more capital to the process of production.

A dispassionate, first-hand account of the sit-down strikes at General Motors plants was given by William S. Knudsen, president of that company. He told how the mob hysteria employed by the C.I.O. was fed by vacillation at Washington and the

He paid his tribute to the Wagner Act in these words:

The largest drawback to good industrial relations is, of course, the Wagner Act. The National Labor Relations Board makes no pretense even of paying any attention to the employer's side of the case. He can be heard only when he is summoned and he knows before he goes that there is no record of a single decision where he had a ghost-of-a-show.

But despite all that is said against business, I do not think business is discouraged. It has to take the set-back that comes with attempted centralization and the advocates of bringing everything to one place must realize that, while it is fine when everything is going strong, it is not so good when things are slack. We must keep our temper and try to work it out our own way. Industrial democracy must be preserved. Practically all of us in business or manufacturing started at the bottom. The opportunity for everyone to advance according to merit is the last stronghold of industrial democracy. Whatever the rights of equity are, we will have to observe them. Our country, which is probably the strongest bulwark of democracy in the world, will work out such irregularities as exist if given time to do it.

The charge by reformers and technocrats that the machine throws men out of work was debunked by Dr. James Thomas, president of the Chrysler Institute of Engineering, Detroit. Said Dr. Thomas:

It does a far more humane thing, it abolishes work. The glory of the machine has been that it reduces the hours of labor necessary to produce the material wants of the world, that it reduces the days men must labor. But that it throws men out of work is one of those "self-evident truths" which does not happen to be so.

Ninety per cent of the waking hours of 90 per cent of all the populations of the world any time before the advent of the machine were devoted to getting food, clothing, and shelter. There are men living today who can recall 14-hour-day schedules. I can myself. There are many who can recall the 12-hour day in the steel industry. Today, eight hours is a generally recognized day and, if we are intelligent and smart, we may be able to reduce that to six or less. Why not? It is not as far from an eight-hour day to a six-hour day as it was from an 18-hour day in the England of 1810 to an eight-hour day of the present. The machine has brought labor from the 96-hour week to the 40-hour week without decreasing the number of men working. More than that, it has steadily increased the proportion of the population gainfully employed, steadily increased their wages, constantly given us all more conveniences, rapidly increased our cultural machinery.

I submit that this is a fair historical record of performance which far outweighs the generalizations so commonly heard about the "handcuffed laborer," the "machine-bound man," and the "mere robot." Of course what such people are forgetting is the "man with the hoe." Personally, I had rather be "bound" to a comfortable seat manipulating a trip-hammer, in a clean, heated, and ventilated factory than be the "village smith" swinging a 12-pound sledge-hammer 14 hours a day. He is a romantic figure to write about, but romantic principally because he was heroic enough to live under such a task.



William L. Sweet, President of Rumford Chemical Works; Silas H. Strawn, Chicago attorney, and B. C. Heacock, president Caterpillar Tractor Co., are interested in Senator Burke's castigation of the Labor Relations Act

Some of the current schemes to raise wages by artificial means were compared to perpetual motion physics by Dr. R. A. Millikan of the California Institute of Technology. Real wages, he pointed out, are now nearly twice as high in the United States as in England and the Scandinavian countries, most prosperous nations in Europe. Ninety per cent of all income in the United States is received by families earning less than \$2,500 a year. This includes the unskilled group making from \$700 to \$1,300, and the skilled group with incomes between \$1,300 and \$2,500. To give the first group more is to take from the second in almost precisely the same degree. He added:

The redistribution method never was used by the Prince of Peace. No more profound economic truth has ever been uttered than He stated in the parable of the talents: "To him that hath (used his talent) shall be given and from him that hath not (used his talent) shall be taken away even that which he hath." Not because anybody wants to be unkind to him but merely because sloth and inefficiency necessarily breed more sloth and inefficiency or, in modern economic terms, a continuously decreasing stand-

feeble attempt by the Department of Labor to justify defiance of law.

To this day, only public opinion, as expressed in the Gallup poll, has condemned sit-down strikes. No official word from highest authority is on record against the practice.

Mr. Knudsen gave this intimate light on unemployment:

I was called to Washington by Senator Byrnes' committee and mildly castigated for having laid people off. Attention was called to the Corporation's surplus of \$400,000,000, which, of course, was only part cash, the balance being undistributed capital plowed back into the business. I was told that it was better to put men to work than to lay men off—a fact which could not be disputed—the whole trouble being that we had more motor cars than the public would buy. It was suggested that we reduce the price, but inasmuch as the used car sales were dropping even with lower prices, there seemed to be little in that argument.

We had to lay off people whether we liked it or not. The idea that business men lay off people because they like to is pure bunk. Any manufacturer knows that the hardest thing in expense reduction is to get the factory organizations to step up to a program of layoffs. Their sympathies are always with the men.

Taxes and Economic Progress

THE PRESENT tax problem in the United States is dual—taxes for revenue only and taxes for punitive purposes. In all the welter of tax talk the most pertinent aspect of the subject has usually been overlooked. That is the simple matter of who pays the taxes. And right there, according to B. C. Heacock, president of the Caterpillar Tractor Company, is the rub. Said Mr. Heacock:

We, as business men, are prone to say that we pay taxes and to complain bitterly about the size of the bill. Why do we not for a change simply say that we collect taxes? Most assuredly, if for even a brief time we did not collect taxes we would not remain in business. It is no more possible to separate the element of taxes from the cost of the thing we have to sell than it is to separate material, labor or any other item of overhead cost.

Would it not be most helpful if, from now on, we complained about taxes on the broad and proper basis of the damage they do to all citizens, rather than com-

plain that as such they hurt the institution of business? The damage which taxes do to business doesn't spring from the fact that business collects the taxes and turns them over to government, but from the fact that taxes come out of the pockets of the patrons of business, and so reduce the capacity of citizens to enjoy the blessings made available to them through business. Taxes thus create unemployment.

The sort of punitive taxes which, without greatly enriching the public coffers, yet make it substantially impossible for certain classes of citizens to draw any proportionate reward for their services were roundly denounced by Mr. Heacock. Higher salaries are appropriated in large part by federal and state governments under the license of "income tax," which makes the publication of salary figures "in effect a partial lie," he said.

Speaking on taxes and the standard of living, Prof. Fred R. Fairchild of

Yale University asked, "What do we mean when we say that taxation is too heavy?"

Taxation is money spent for the services of government. Money thus spent diminishes by so much the amount that remains to be spent for other things, precisely as does the expenditure for furniture.

The only way we can tell whether too much money is spent for taxation or for anything else is by application of the economic principle of marginal utility. According to this principle, the people obtain the maximum satisfaction possible from their income when their expenditures are so distributed among the different objects that the satisfaction obtained from a unit of expenditure is the same for all objects of expenditure.

The optimum amount of taxation would be that sum whose employment would lead to such kinds and quantities of government services as would have marginal utilities in equilibrium with the marginal utilities of all other goods for



American Trade Association Executives held their semi-annual meeting during first two days of Chamber meeting. Some of the delegates representing thousands of retailers and manufacturers are shown at this table. Starting with gentleman in center rear and reading to his left they are Chas. M. Fistere of the Dairy Industry Committee; P. G. Kinzer, vice president Carnation Milk Co.; Dr. Frank E. Rice of the Evaporated Milk Ass'n; R. P. Dryer of the Steel Office Furniture Institute; Holloway Kilborn of the Drop Forging Ass'n; C. Judkins, Chief of the Trade Association Dep't Bureau of Foreign and Domestic Commerce; Irving C. Fox of the National Retail Dry Goods Ass'n; Rivers Peterson, editor of "Hardware Age."

which the people spend their money. If government takes less than this in taxes, the people are deprived of certain governmental services which would be worth more to them than the commodities and services they obtain from the corresponding amount of private expenditure. If more than this is taken, the deficiency in private expenditure means a loss of satisfaction greater than is afforded by the corresponding governmental expenditure.

Professor Fairchild inquired into the private spending of the American people and showed that, among ten major objects of expenditure, home maintenance comes first, claiming more than a quarter of the national income. Food and drink (non-alcoholic) comes next, taking about one-fifth. The next item is clothing, taking 11 per cent, but this item is exceeded by taxation, requiring 17 per cent of the national income.

Turning to typical family budgets, the speaker observed that government services cost the American people more than any one of the major necessities of life save only home maintenance, and food and drink. "A typical farmer with family income of only \$2,000 may pay as much as ten

tional income itself. It is generally believed, I think, that the highest rates of our federal income tax have already gone beyond what the traffic will bear. This means that the high tax rates tend actually to reduce the amount of the taxable income, so that the revenue is diminished by the increase in rates.

If investors and business men become so discouraged by high income tax rates that venturing into business enterprises seems not worth the risk, then there is less investment, less industry, less production, and a smaller income stream to satisfy the needs of the people.

The intelligent taxpayer, who begins to wonder if taxation is not going too far, will seek to answer that question in the light of these principles. He will direct his attention to government expenditures. He will ask whether these services are worth as much as what could have been obtained by the taxpayers themselves spending the money.

Finally he will demand that taxes be neither so heavy nor so complex nor so unwisely devised that they tend to check the production of the goods and services that directly limit the standard of living we may enjoy.

"Our tax problem today is not so much what tax is going to be paid, but rather how business is going to earn the money to pay it," declared W. B. Holton, president of the Wal-

more money and pay more taxes. Business wants a solvent government. A decrease in spending is a prerequisite, but a decrease in spending alone will not produce the added revenues necessary to pay the charges for the money already spent. Someone has got to pay the bill and business can well pay its larger share if the checks which are hampering its forward progress are relieved.

Mr. Holton praised the recent steps taken by Congress for revision of the federal revenue laws. He proposed that, by way of further improvement, an income tax related directly to the proportionate return on capital be substituted for the capital stock tax.

He proposed that the anti-trust laws be changed so as to give competitors within an industry the right to develop among themselves reasonable plans for the stabilization of production and distribution.

Concretely I propose that the basic principles of cooperative competition will not be an illegal restraint of trade. But these rights should be grounded on the principle of voluntary participation within an industry and not on the principle of governmental compulsion and control.

The conditions to govern these rights are as important as the principle itself. They should include:

First, that only those who are conforming at least to the minimum standards of rates of pay and working conditions for the class, character and locality of the labor employed, be permitted such freedom of action.

Second, that when any company, industry or individual, by reason of these aids reaches a position of excessive return on invested capital, then these rights could well be denied.

Tighten up the Sherman Act at both ends, if you will, but loosen it in the middle so that the preponderant majority of American business men who are fair-minded and square-shooting can take off their coats and go to work with the assurance that the common problems of an industry will not be held to be illegal for cooperative solution.

Economic progress through the pioneering spirit was stressed by Morris S. Tremaine, New York State Comptroller, in his discussion of the discouraging effect of taxes upon new business enterprises. He urged elimination of the taxes that bar the speculative investments which make new industries:

Our tax bills should not be used either for regulation or strangulation, and there is a definite element of both in our present tax laws.

Regulation must not carry a punitive purpose. It must carry a promotive purpose. If we are to start new enterprises to take care of the million or more young men who are being turned out of our schools annually and who are seeking employment, we must give new enterprise a better opportunity.

We must remember that pioneering money does carry a heavy tax in the risk that it takes, and it must have a long waiting chance for profit. Speculative money pays its own penalty, just as the pioneer paid his penalty and the speculator often gets his spanking. Nevertheless this money gave life its luxuries and the men who spent it are the men who made life more abundant.



W. B. Holton shows agreement as Fred R. Fairchild explains that, if government takes too much taxes, the people are deprived of things they might buy which would give more satisfaction than the government services for which taxes are spent

to 15 per cent of his income to government. To the typical citizen in the \$5,000 income class, government comes second among the necessities of life, as measured by cost, and exacts a quarter of his entire income."

Taxation may affect our standard of living by causing a reduction in the na-

worth Company, New York City, in discussing the taxation of established business enterprises.

Today business and government jointly face the problem of creating the ability to earn the money to pay taxes. We face the practical necessity of revising our legislative and administrative program so that business will be able to earn

Capital Requirements of Business

THE URGENT need for thawing out idle capital and starting it flowing through the channels of private enterprise was widely recognized. The extent to which capital now is frozen was tersely told by Robert V. Fleming, president of the Riggs National Bank, Washington, D. C., when he observed that the volume of new capital funds obtained by business through the sale of securities has averaged less than \$750,000,000 annually for the past seven years, contrasted with a yearly average of \$4,762,000,000 for the preceding seven-year period.

This does not result from a lack of capital resources, but from an unwillingness of those who own capital to risk it, said George H. Houston, president of the Baldwin Locomotive Works. They are not willing to assume responsibility for new investments in the face of "the constantly diminishing reward to business for its success." He added this warning:

If we are to get our economy back on an even keel we must reduce the punishment for failure and increase the rewards of success, to a place where business again will seek and use new capital.

Mr. Houston quoted the National Bureau of Economic Research to the effect that "the erosion of capital from physical deterioration and depreciation is going on at the rate of about \$8,000,000,000 a year." Until 1929 business was producing more than it distributed—in other words it was saving something—but since then it has distributed more than \$30,000,000,000 in excess of income.

Lamont du Pont, of the E. & I. du Pont de Nemours Company, observed that the chemical industry lacks enterprise capital.

The distinction between enterprise capital and what I would call borrowed capital is this: borrowed capital is that which the owner expects to be returned at a definite time, with interest, while the owner of enterprise capital does not expect its return at any specified time. He only hopes some day to get it back many-fold over.

No industry can proceed long without additional capital, and a manufacturing industry particularly must be of an enterprise nature, for the developments never can be certain.

Why is it that we have today a lack of enterprise capital, or a lack of those with capital to lend who are willing to risk it? It seems to me perfectly plain why



"We must not lull ourselves with the thought that collectivism is too foreign to our soil to thrive here," Francis E. Frothingham told the delegates at the meeting

that is: First, we have abroad the spirit of spending. Spending is the reverse of saving. We cannot create any enterprise capital without saving. Again we have the cry against unreasonable profits. No profit is large enough to be unreasonable if the risk that the owner of that capital takes is large enough.

"Pump priming" can't work

FRANCIS E. Frothingham of Boston, Mass., president of the Investment Bankers Association of America, told the delegates that the dominant political view that permanent equilibrium can be restored through a vast spending or "pump priming" short cut around the homely reality of hard work and thrift has not worked. It has merely stalled the nation's economic machinery. With regard to the effect of this theory, he said:

The Government has artificially maintained abnormally low money rates to insure low cost for its borrowings. This again has dislocated the capital market and has resulted in a large volume of corporate refunding of fixed obligations at lower rates. This refunding has raised no new capital, merely replaced old.

Government competition with its citizens, with its might and power, and in many cases hidden subsidies or in the form of grants or loans for competitive undertakings, is a constant menace to private business. This competition takes so many forms that one is startled at the length of the list, and business is intimidated by its constant lengthening. The threats to and competition with the electric light and power business have gravely reduced the value of investment holdings in this industry. Its unfairness has threatened one of the country's greatest businesses. The capital flow into this busi-

ness would be enormous, with its reviving effect on collateral activities, were confidence restored.

What is needed here is not loans from Government agencies but fair treatment so that the industry may revitalize the many businesses that feed its needs.

No one is more eager than the banks of deposit to assist in starting a normal flow of private capital into industry, said Edward E. Brown, president of the First National Bank of Chicago. But they are subject to considerations and restrictions which the public too often does not appreciate. For example:

Examinations of banks by public authority have been part of the American banking system almost from the beginning. In the past few years the aims of banking legislation, regulation, and, to a small extent, the practice of the supervising authorities, have not been restricted to the single purpose of maintaining solvency and liquidity in the banks, but also have been directed to such objects as the restriction of speculation, control of the price level, money rates, government financing, and encouragement of particular industries. The aims have not always been consistent, and a regulation or policy designed for one purpose has frequently had adverse effects on other purposes.

Banks of deposit in this country invest portions of their funds in marketable bonds of private corporations. The Comptroller's regulations have severely restricted the type of investment securities banks can buy. If the banks are to assist in supplying the capital requirements of any except the stronger units of business through the purchase of market securities, the policy of prohibiting investments in non-rated or weaker-rated bonds must be modified.

Where formerly a considerable percentage of the equity capital of the corporations of this country was carried by banks through loans on their stocks, this amount is now small. The repeal of the law which now prohibits such loans or more liberal regulations would undoubtedly contribute to an increase in the amount of stock-secured loans and thus enable a larger portion of the funds of banks of deposit, through stock market loans, to supply equity capital.

Banks today are prohibited from underwriting securities other than those of federal agencies and state and municipal obligations. They have large amounts of capital available for underwriting and, if given that privilege, many would engage in this type of business and thus materially assist business in obtaining its capital requirements. Naturally, they would be restricted to underwriting securities of the type which they could buy for their own investment account, and should not be permitted to underwrite equity securities.

Mr. Brown flatly denied the charge that small businesses entitled to credit cannot get short-term loans. He suggested, however, that short-term credit to industry by the banks of deposit could be expanded through the further extension of loans on field warehouse receipts and assigned accounts. Such securities have been found safe, he said. He mentioned another service the banks are rendering through the making of direct capital loans that mature serially over a period of years.

Possibilities for more liberal service by the banks would be enlarged if the rate of return on their loans and investments "was not made so artificially low by an easy money policy as to discourage what would normally be regarded as proper banking risks," Mr. Brown concluded.

Jesse H. Jones, chairman of the Reconstruction Finance Corporation, agreed that the banks cannot be held entirely responsible for the widespread feeling that credit is not readily available on security that, in the minds of potential borrowers at least, provides full protection. "This is probably due in part to bank supervision," he said.

In giving his views of the present credit needs and what can be done to meet them, Mr. Jones said:

It is the money borrower who makes business, who hires and buys. It is the money borrower who must be encouraged before we get back to normal. There has never been a time when we had such abundant credit facilities. They need not be recklessly used, but there is no use in having them unless they are used.

Since the passage of the Glass Bill, which somewhat broadened the scope of lending of the R.F.C., there have been

a great many inquiries for loans of every imaginable character. They are not confined to small borrowers.

The object of R.F.C. lending is to aid business and increase employment. The law permits loans to be made upon such terms and conditions and for such length of time as, in the opinion of the directors, are appropriate to particular applications. The law requires that the loans must be so secured as reasonably to assure their repayment.

The R.F.C. can be particularly helpful in lending on inventories, so that the manufacturer will not be forced to sacrifice his products to meet the cost of production. It also can help by lending to utilities for expansion purposes.

To meet whatever legitimate demand there is, the R.F.C. is asking every bank in the United States to interview the prospective borrower and take his application.

If the bank is unable to make the loan on its own account, or to take any part of it, it is being asked to take the application for the R.F.C.

The Unity of Business

SINCE the underlying theme of the whole program, "National Progress Through the American Business System," implies that this system is under attack from organized forces that wish to substitute another economy for it, business unity was recognized as more necessary than ever before. All the discussions were a groping for the answer to this question: "What are the fundamentals on which we can present a solid front?"

President Davis of the National Chamber pointed to that complete interdependence of interests which draws every business man toward every other with a bond stronger than any repelling force that competition may exert. He said:

Business is a system—a system of organized individual enterprise, the parts of which are connected and interlocked. In this industrial age no one vocation stands on its own feet. No one field of production or distribution can be set apart. No one function can be segregated from others. If investment is arrested, employment halts. If the automobile or machinery industries lag, steel slows down. If industry begins to mark step in New England, trade falls off in Florida and California. Even agriculture, the most primitive of occupations, marches with business as a whole.

The place of the voluntary business organization was defined by John W. O'Leary, chairman of the Executive Committee, Chamber of Commerce of the United States:

Long before the signing of the Declaration of Independence, business organizations had already formed. They grew out of the town-meeting idea.

Even in those days, business organizations were criticized because of their op-

position to dictatorial and destructive rule by many in high places, both in business and in government. They were urged to "conciliate"—we now use the word, "cooperate."

Through the years these business organizations have grown stronger because of their accomplishment. They have withstood the attacks of those who are absorbed in political life, and who must, of necessity, do everything possible to discredit and discourage the advancement of voluntary organization. Because it is only through the action of voluntary groups that the true development of democracy can occur. We all know that an organization of this type may sometimes be inefficient—but so is democracy. We recognize that sometimes voluntary organizations make mistakes, but we also know that they always correct them. We know that sometimes voluntary organizations become entirely selfish in their opinions but we also know that this course leads only to destruction unless it is corrected. Whatever the inefficiencies, whatever the cost, the reward which comes through independent and voluntary action is worth the price.

There are two reasons why, in the present situation, business organization has become of paramount importance. One is that it is the most effective way of meeting the difficulties which assail us. The other is that it is the most effective way of resisting attacks upon the business system and efforts to supplant it with a different kind of system—call it regimentation or compulsion or totalitarianism or whatever you will—under political control.

But, in Mr. O'Leary's view, great national organizations can achieve their ends only as they transmit strength and power to the units that compose them:

Any national program will remain a theory until it is applied locally. Collective bargaining, for example, means little until it is tried out under actual conditions. Any purely local program will re-

main local until it is applied on a national scale. Either kind of program, by itself, is a frail crutch to lean on. Our hope of success lies in the ability of localized business—and all business is local in one sense or another—to see itself in national perspective and measure up to its national responsibilities. The best kind of citizenship as well as the best kind of business is that which is rooted in the community, but is able to look out upon the broad horizon of national interest.

Youth had its spokesman in Roswell P. Rosengren, Buffalo, N. Y., president of the United States Junior Chamber of Commerce. He said that the organized young business men in the 21-35 age group "do our own work and study our own problems; they don't 'leave it to George.'" But he added that they had no quarrel with their elders, who "have builded a fountain of wisdom at which we seek but to drink."

Mr. Rosengren related some of the things that the Junior Chambers of Commerce are doing:

In St. Paul they staged a successful campaign against syphilis.

Chattanooga, Tenn.—Carried the story of the Constitution to the people.

Tulsa, Okla.—Promoted a "Good Neighbor" policy.

Georgia—Obtained law providing for auto drivers' licenses.

Mobile, Ala.—Attracted tourists to famed "Azalea Trail."

Council Bluffs, Ia.—Restored a summer lake dried up during drought.

Pasadena, Calif.—Junior Chamber man elected head of Tournament of Roses.

Tampa, Fla.—Staged clean-up drive to end fraudulent elections.

Canton, O.—Sponsored a symphony orchestra.

Buffalo, N. Y.—Put on campaign that collected \$3,500,000 of delinquent taxes.

Hastings, Neb.—Originated an annual "Show of Progress."

The Government's Part



In this group F. A. Irish of the First National Bank & Trust Co. of Fargo, N. Dak.; C. C. Morrison of the Great Northern Railway, St. Paul; M. A. Smythe, vice president of the Nat'l Business College, Roanoke, Va., and F. H. Anderson of Helena, Mont., are enjoying lunch on National Councillor's Day

THE CONTINUING pressure of Administration policies on the freedom traditionally exercised by business and the intimate relation of those policies to the present state of trade and industrial activity made the attitude of government toward business a more than usually vital topic. A number of speakers touched it at various points. With scarcely an exception, they voiced freely their dissatisfaction with many of the major acts and proposals of Washington officialdom.

If, as speakers and writers frequently remind the country, there is unrest among labor, it is also evident that there is an unrest among industrial leaders. The reason was voiced by B. C. Heacock, president of the

Caterpillar Tractor Company, when he said:

Can we not accept it as a fact that the best quality of leadership is obtainable only when incentives for leadership exist? Most effective is the incentive of reward—the reward of well earned praise, and chiefly the reward of profit. It is that reward which has drawn out the highest caliber of business leadership.

Mr. Heacock also exhibited another side of the executive mind today—its independence and self-reliance. This is his own avowal toward special privileges and governmental subsidies:

When labor organizers, business leaders, farm leaders, or any others ask for

government subsidy or assistance they ask for a restriction in their own field of endeavor; they ask that the Government take over some of their work. Shall I say that they ask that Fascism be substituted for democracy? When any of us ask for government subsidy, we also ask that there be engendered among us class hatreds, we ask for some degree of class consciousness and class preference.

An earnest warning of the danger that he sees in a resumption of large-scale spending by the Government came from Winthrop W. Aldrich, chairman of the board of the Chase National Bank, New York City. He refuted the theory upon which the new program as well as the first one is based, that consumer purchasing power can be stimulated in much greater degree than the amount of the "pump priming." The theory has been tried before and failed. It assumes that, as citizen income rises



Dr. R. A. Millikan told the delegates, "Karl Marx assumed that the interests of labor and capital were opposed, and became the great exciter of the class war."

by reason of the stimulus, government expenditures go down, when, in fact, federal deficits are rising instead of falling:

By following this course we are risking our national solvency, the credit of the Government and the future of the currency. We are facing, therefore, the gravest economic, financial and social convulsions if it turns out that the theory is wrong. . . . Both in policy regarding spending and borrowing and in policy regarding excess reserves we appear to

be throwing away all safeguards, removing all brakes, and heading for disaster.

"How can we hope to attain liberal ends by illiberal means?" asked Representative Samuel B. Pettengill, of Indiana, in discussing "Government Regulation of Competition." Defining specifically what he meant by "illiberal means" used to achieve political and social ends, he said:

Only recently aspersions have been cast on the sacred right of the citizen to petition his own representative in Congress for the redress of grievances; serious questions have been raised as to the ancient right of assembly to organize effective protest; doubts have been cast as to the entire freedom of the radio and the screen as instruments for the formation of public opinion; the press has been held up to obloquy and a bill introduced to place impossible limitations on the dissemination of news and editorial discussion; an attempt has been made to make our highest judges the Charley McCarthys of changing majorities "speaking the ventriloquisms of the White House."

Mr. Pettengill surveyed the march toward socialization of industry in the light of the law of compensation. "The pocket of some American is impoverished by the exact amount which another pocket is legislatively enriched." If a Government can fix prices, restrict profits and set minimum wages, it also can establish maximum wages. If it grants favors to capitalists it must grant compensating favors to workers. When it moves to benefit producers, the consumers are next in line.

And so government goes about grasping for more and more power to cope with the abuse of privileges it has itself created. Meantime the invisible government is constantly at work behind the scenes to hog the cake and distribute the crusts of governmental favor.

Dr. Robert A. Millikan, of the California Institute of Technology, declared that many of the economic issues so warmly discussed in American forums today are not really debatable. If the scientific method were applied it would be found that the glib theories springing from the dogmas of Karl Marx are as demonstrably false as Ulysses' efforts to determine courses of human action by the appearance of bullocks' entrails. By pursuing the scientific method he concluded that all the current schemes for distribution of wealth are fallacious, if—as almost always happens—they diminish the total production of goods and services.

Fred H. Clausen, president of the Van Brunt Man-

ufacturing Company, Horicon, Wis., discussed the fiscal affairs of the United States as the stockholders of a corporation would analyze their balance sheet. Regarded in that light he found a situation comparable to that of a business going steadily down hill.

The Manager attempts to explain that his unit is not the only one to blame, that state and local governments are performing in the same way. . . . The only thing he can suggest is to borrow more money until we can raise more revenue.

But, the speaker continued, when you examine the chart you find that, in 1913, federal expenditures were 24 per cent of all governmental costs; in 1925, 34 per cent; and in 1938 they are estimated at 42 per cent. So governments are not all performing the same way.

When the stockholders question their Manager's stewardship he promises a balanced budget after more billions of Government money have been spread around. The stockholders are skeptical, it looks like a mortgage to them, "the same scheme you tried before." The Manager has become impatient. He calls the stockholders short-sighted and selfish.

George H. Davis, president of the Chamber of Commerce of the United States, pictured business as a great economic structure, a "system of organized individual enterprise the parts of which are connected and interlocked. Its problems cannot be solved by focussing attention on any particular segment and ignoring the whole."



W. W. Kincaid, Chairman of the Board of the Spirella Corset Company of Niagara Falls, registers at the same time as Mrs. Franklin N. Fritchey of Baltimore, president of the American Homemakers Association

The custodians and spokesmen of this system are the business men, Mr. Davis said:

The reformers, the theorists, the prophets of the new day are not hampered by distractions. If their ideas do not work out and the new day doesn't dawn, they don't stand to lose very much. Others will pay for the mistakes.

The keynote of most speakers on the program and of many a private conversation at the annual meeting was sounded by Walter A. Draper, president of the Cincinnati Street Railway Company, Cincinnati, O., when he said:

The difficulty with us is the element of uncertainty. It is holding us back. We can't plan for the future. If we knew the worst, whatever it was, then we could make our plans and go ahead.

A like sentiment came from F. Peavy Heffelfinger, Minneapolis. Business men in his section feel able to deal with all their problems, including drouths and labor disaffection, he said, if only they could be sure of anything as regards future policies of state and nation. "We would like to know whether we are going to be patted on one cheek one day and slapped on the other cheek the next day."

The old-fashioned virtue of thrift was exalted by E. W. Townsend of the Townsend Ready-to-Wear store, Great Falls, Mont. When business was allowed to follow the policy of laying aside for lean days it rested on a more solid foundation than now, he said.

In this view Mr. Townsend was supported by W. Walter Williams, president of Continental, Inc., Seattle. Mr. Williams expressed that forthright belief that the best thing for recovery would be the restoration of "rugged individualism" to the high place it held in the esteem of Americans for so long. In suggesting what business men can do to help right today's affairs, he said:

First of all, by the continuation of the educational program for which the National Association of Manufacturers and NATION'S BUSINESS, identified with the U. S. Chamber of Commerce, have served as spearheads. By telling the public that "What Hurts Business Hurts Me," and "What Helps Business Helps You."

Of the reasons for the natural hesitation of business to attempt expansions in the present political atmosphere, Francis E. Frothingham of Boston, Mass., president of the Investment Bankers Association of America, had this to say:

Business does not employ men to produce goods and to build up inventories in the hope of creating a demand. It supplies a demand. And people do not want to buy if they are doubtful about their own incomes and so are hesitant about parting with what they have. That is a real hesitation today, a hesitation not conjured out of nothing, for the mere pleasure of going without, but a hesitation born of practical experience. Insurance premiums do not go down, costs of living have gone sharply upward, interest on savings bank deposits has been shrinking, income from securities is shrinking, the profits from various businesses have shrunk or disappeared. The Government takes from wage envelopes the Social Security tax, puts the money into its miscellaneous

spending account and when, later, its I.O.U.'s for it fall due, a new set of taxes must be levied to pay them. All the while collectivism and dictatorship stalk about the world—casting black shadows. And people are afraid.

At the dinner for the National Association of Commercial Organization Secretaries the Rev. Edmund A. Walsh, vice-president of Georgetown University, Washington, discussed some misconceptions in "The Business of Democracy." Absolute equality of mankind is a delusion, he said. "The controlling postulate of democracy is that every adult citi-

zen fulfilling the easy suffrage requirements now in vogue in this country shall have the right to participate in framing the laws under which he lives."

Father Walsh went on to appraise what he termed the many unnecessary things done in the name of recovery, policies doomed to the "well merited failure" that they have met.

The greater pity is that, in this period of experimentation, bitterness of invective, the un-American habit of threats leveled at adversaries, and reprisals in various ways have been directed at those who differed with the Government.

Private Effort and Natural Resources

THE contribution to progress that private enterprise has made in the field of natural resources was recognized at the Natural Resources Round Table. With power issues out in front in present-day discussions, power occupied the predominant place on the program. W. C. Mullendore, executive vice-president of the Southern California Edison Company, reviewed what he termed the "explosive" development in electric utilities.

"Just 30 years ago," he said, "customers of all classes totalled 1,946,979. In 1927, this number had grown to 21,790,238, and by June 30, 1937, it was 26,565,000."

In other respects the industry was shown to have made similar progress. This Mr. Mullendore attributed to private enterprise. However, he continued:

One of the characteristic ingratitude of humanity seems to be particularly prominent in our generation. It is the tendency to assume that our material blessings are the gifts of Nature, conferred upon us without human effort or striving. Such an attitude ignores the debt we owe to the long years of creative endeavors, of strivings, and sacrifices by those who pioneered and developed these things which we take for granted.

The refinements of this development were pictured vividly:

When you shaved with your electric razor this morning you purchased through your electric meter about 1/500th of a kilowatt-hour, which, at the average residential rate, cost you about 1/100th of a cent. . . . Our raw materials may be lumber, brick, paint, cement and nails. When energy is intelligently applied to these, the product is a house. . . . Copper and nickel are common minerals. When energy is intelligently applied to them we have monel metal. . . . Few mechanical appliances are older than the grindstone. It remained for an intelligent American investigator to combine silica and carbon in an electric furnace to give us carborundum.

That the application of human intelligence in the electrical industry



Reading from left to right, Congressman Samuel B. Pettengill of South Bend, Ind., Clem D. Johnston, a warehouseman of Roanoke, and Vice-President of the U. S. Chamber and B. F. McLain, a retail furniture man from Dallas

resulted from "individual initiative and private management is demonstrated by the fact that 94 per cent of all the electricity consumed in the United States comes from private plants."

Mr. Mullendore pointed out that these facts about the industry are not disputed.

There is not, however, such general agreement as to what was responsible for this putting of electricity to work. What was it that made those enormous strides in progress possible? Did they just happen? They did not. . . . It was the work of man and the spur to these hundreds of thousands of men and women, the spur to them in taking their losses and their risks was the system of free enterprise—which means the chance to earn a profit, to be acclaimed for success, yes, but to be materially rewarded for success too. Freedom and reward—the reward of a material kind and the reward

of applause and honor for a job well done. That, too, is American enterprise.

C. O. Ruggles, professor of Public Utility Management at Harvard University, pleaded for effective and impartial regulation regardless of ownership.

We will make real progress in public utility regulation only when the political parties agree to recognize the independence of quasi-judicial commissions and give them a real opportunity to make objective analyses of problems which are economic rather than political. There is no such thing as a democratic or a republican depreciation rate. Moreover, it must be remembered that the so-called profit motive is both wider and deeper than man's desire for pecuniary gain. The manager of a public power utility who had political ambitions might be just as willing to tolerate or even to initiate an unsound depreciation policy that would make the public plant appear to be prosperous during his administra-

tion as would the head of a public utility holding company to carry out profitable short-run financial transactions that would be against the long-run interest of utility consumers.

Professor Ruggles made a vigorous attack upon the use of by-product power for yardstick purposes. In every community of any size, he pointed out, "there are industries that have their own power plants because these industries need much steam, and hence they have by-product power. . . . Yet no one would argue that the cost of by-product power to these industrial power plants should be taken as a yardstick to measure the cost of power to the public utility." So with government projects for national defense, flood control, navigation and irrigation where power is a by-product.

Two mistakes made by utilities were cited:

First, undue emphasis on making profits through financial promotion.

Second, the assumption by the utilities themselves that they had a monopoly of the market.

In summing up, Professor Ruggles said regarding regulation:

If this sort of control is good for the private utility systems, it ought also to be applied to all public projects. . . . It ought to be evident that only through intelligent and effective regulation will the public be able to follow with assurance whatever plan of ownership and operation deserves its support in each concrete case. Above all, we must remember that we do not eliminate the economic and business problem of utilities by a mere shift in the label of ownership and operation.

L. Ward Bannister, of Denver, outstanding authority on water law, gave an appraisal of proposals for national and regional planning. Mr. Bannister endorsed a certain type of

coordinated planning, pointing out that "the task is often too much for the individual. It is too great for his purse, and his life is too short for him to calculate upon adequate reward. It is too much for a corporation, and often for even the state. Necessity, therefore, imposes much of the duty upon government."

Mr. Bannister gave a critical analysis of the Norris-Mansfield planning proposal, emphasizing its conflict with existing federal agencies, and with the interests of the states. He characterized the two bills thus:

The Norris bill is the Big Bad Wolf. The Mansfield bill is the camel thrusting its head under the tent—the body to enter later.

"There should be no regional planning agencies until experience at least demonstrates the desirability."

Toward a Healthier Nation



The Public Health display was an attractive feature which drew much interested comment from annual meeting visitors

LOSSES due to sickness, disease, and physical disability not only retard business, but contribute greatly to the increasing burdens of our dependent population. Recognizing this relationship between public health and economic welfare, the Chamber has cooperated with the American Public Health Association in promoting annual public health contests. The presentation of awards to the winners in the City and Rural Health Conservation Contests is an important feature of the Chamber's Annual Meeting. Awards in the 1937 contests were presented by O. J. Arnold of Minneapolis.

The City Health Conservation Contest is financed by a group of life insurance companies, while the Rural Contest, limited to counties or districts which have full-time health units, is financed by the W. K. Kellogg Foundation of Battle Creek.

Awards are based upon current activities designed to bring about future long-time improvements in public health. Factors which enter into the scoring are improvement in safety of the water supply, adequate sewage disposal, supervision of the milk supply, prenatal care, infant welfare, school health, and con-

trol of tuberculosis and venereal diseases.

Among cities of 500,000 or more the winner was Boston. Winners in other population groups were: 250,000 to 500,000, Louisville, Ky. and Providence, R.I.; 100,000 to 250,000, Hartford, Conn.; 50,000 to 100,000, Sacramento, Calif.; 20,000 to 50,000, Greenwich, Conn.; and, less than 20,000, Englewood, N. J.

In addition, special awards were granted to a small group of cities which have twice won first place in the contest and have maintained their previous high standards of health achievement. These special awards in the 1937 City Health Contest were given to Baltimore; Brookline, Mass.; Detroit; Hackensack, N. J.; Newark; New Haven; Pasadena; Schenectady and Syracuse. Special awards were offered for the first time in connection with the 1937 City Health Contest to cities having the most complete tuberculosis control and syphilis control programs. The winner in the tuberculosis control contest was Detroit. The winner in the syphilis control contest was Tacoma, Wash.

In the Rural Health Contest the winners were: Northeastern Division—Columbia County, N. Y.; Eastern Division—Fayette County, Ky.; Southeastern Division—Pike County, Miss.; North Central Division—Woodbury County, Iowa; South Central Division—Amarillo-Potter County, Texas; Western Division—Clallam County, Wash.

Special awards were also granted to Davidson County, Tenn.; El Paso County, Texas, and Shawnee County, Kan. These counties had previously won the contest twice and, in 1937, continued to maintain their previous high standard.

In addition to these winners a number of awards were also granted to cities and counties for meritorious achievement in public health work.

The Regulation of Competition

ASSERTING that economic compulsion means political compulsion, Representative Samuel B. Pettengill of Indiana emphasized the oneness of constitutional democracy and competitive enterprise. "They are the two sides of the same shield," he said:

When either goes the other goes. When both go, civil rights go, liberty of thought, of the press, of religion. When government assumes or is forced to assume the responsibility for the economic security of all its citizens it will not tolerate an effective opposition to the methods chosen by government.

We cannot have centralization in industry and decentralization in government. When we abandon the competition of the open market we return to the very system of court favorites and sycophants and graft and corruption which our fathers once crossed the Atlantic to escape. Then business exists only by paying political tribute. Then the little man and the new idea are frozen out. Then volume falls and prices rise. Then decadence begins. Then the competition of excellence ends. Then the standard of living falls, for everyone—the poor most of all.

Business men are the inescapable partners of progress. The laboratories have done more for mankind than the legislatures. The chemist has done more than the congressman, the physicist more than the politician.

Commenting upon the recent message to Congress proposing a study of monopoly, Mr. Pettengill continued:

You managers of American enterprise are greatly concerned today with problems pressing importunately upon your attention in your own companies' affairs. But, as you grapple with your immediate tasks, don't overlook the larger battlefield where constitutional democracy and the free competitive enterprise system is fighting for its life. The loss of liberty in a gallant struggle would be recorded by the historian with sorrow and regret, but the saddest monument ever erected over a vanished liberty would be that it was lost by men who had the chance and the strength to save it, but would not. How can you save it? One way is to vote only for candidates, regardless of party tags, who are pledged, and preferably those who have demonstrated under fire, that they will risk their political lives for the Constitution and free enterprise.

Of the need for recognition by government that there is nothing inherently bad in bigness, Mr. Pettengill observed:

In one business bigness permits the minute subdivision of overhead, the economies of mass buying and mass production, the ability to maintain costly but



Gerritt Vander Hooning, proprietor of Van's Food Market, Grand Rapids, Mich. (facing camera), talks over mutual problems with G. Wm. Phillips, president Eastern Shore Baking Co., Salisbury, Md.

necessary departments of research and experiment, the long purse of reserves that carry it over the valleys of depression. If, in such business, all these advantages of bigness over smallness are constantly passed on in a better product at a lower price by a management that feels its responsibility of trusteeship for owner, worker and consumer, then it would seem to be entitled to a favorable verdict in the court of public opinion.

Paying full tribute, as we must, to the initiative, energy and courage of the "little man," his final fate will probably be determined by the realities of economics, rather than by theories of law. Can he "deliver the goods" cheaper and better than the larger aggregation of capital? Does he have efficiencies and economies of his own to overbalance the efficiencies and economies of his greater rivals? Where does the large concern run into the law of diminishing economic returns? At what point does its size begin to be a handicap rather than a help? Is there such a thing as economic elephantiasis, when the giant is outrun by the pygmy?

Creation of more harmonious relations and fuller understanding between producers and distributors was the theme of discussions led by a retailer and manufacturer at the conference on "Regulation of Competition."

Producers should examine their policies that affect retailers on whom they depend for distribution of their products, said B. F. McLain, president, Hart Furniture Company, Dallas. He pointed to the custom in many



Center, facing camera, D. A. Hillstrom, Corry, Pa., president Corry-Jamestown Mfg. Co. and Mrs. Hillstrom, John V. Bowser (left) and C. A. Rowan of Westinghouse Air Brake Co. lunch together before speakers discuss regulation of competition



W. H. Jasspon, president Memphis Chamber of Commerce receives grand award in Fire Waste Contest from J. S. Kemper

Reducing National Fire Waste

FIRE waste is still a national problem. Eight thousand persons annually lose their lives as a result of fire, while thousands of persons are injured and many thousands are made homeless. The Chamber recognizing that the obligation to reduce the annual fire loss is a major responsibility of all individuals, including business men, conducts the Inter-Chamber Fire Waste Contest. The presentation of awards in the Fire Waste Contest has been a colorful feature of the Chamber's Annual Meeting. Awards in the 1937 contest were presented by Mr. James S. Kemper of Chicago, Vice-President of the Chamber.

In the past five years annual fire losses have dropped about \$300,000,000, a decrease of 40 per cent from the loss of 15 years ago. Some of this decrease is due to changes in construction, to price levels, and other factors. It is obvious, however, that the concerted efforts to bring fire prevention into prominence in every city in the country have been an outstanding factor in bringing about the reduction. These efforts represent a definite contribution to the public welfare.

The grand winner in the 1937 Fire Waste Contest, as well as the winner in the population group of cities from 250,000 to 500,000, was Memphis, Tenn. The winners in the other groups were as follows:

- Group I—Cities over 500,000 population—Philadelphia, Pa.
- Group III—Cities from 100,000 to 250,000—Hartford, Conn.
- Group IV—Cities from 50,000 to 100,000—Lakewood, Ohio.
- Group V—Cities of 20,000 to 50,000—Parkersburg, W. Va.
- Group VI—Cities under 20,000 population—Lafayette, La.

An attractive feature of the meeting was the fire prevention exhibit in the Chamber building.

communities of manufacturers, railroads, banking institutions and others providing facilities for their employees to buy consumer goods directly from manufacturers or wholesalers, thereby depriving retailers of the business.

Retailers face the usual hazards of business. They meet the intensity of regular competition, and attempt to adjust themselves without undue complaint to the social, economic, and governmental

changes of the era. But they feel that they have just cause for protest when other branches of industry engage in practices which are unfair to retailing.

One of these practices is the direct selling to the consumer by manufacturers, wholesalers and their agents in competition with their own retail distributors. Such selling by an organization whose very existence depends on the type of business it circumvents is unfair.

In New York City more than 1,300 firms make a practice of obtaining for their employees goods at what are sup-

posed to be less than regular retail prices. Retailers and their employees are customers of many of the large organizations which set up agencies that injure retailing by diverting business from the stores. It is not only unfair for a firm to compete with its own customers, but it is short-sighted policy, and is unsound economically. In many cases the employees are misled into thinking they are getting wholesale prices when they are not. This practice creates ill will among retailers and their employees.

Mark J. Lacey, president, Peck, Stow and Wilcox, hardware manufacturers of Southington, Conn., described methods devised by his company for assisting retailers to improve their merchandising methods.

"In my opinion," he said, "instead of manufacturers, distributors and retailers trying to get the government to enact laws to control the excesses of competition, they could help themselves more by improving service to the point where it will create and increase sales."

Lowering tool prices

CITING his own experience and methods, Mr. Lacey continued:

Study convinced me that there was a market for tools if we could only evolve some method for getting prices down to a level that the consumer could afford to pay. Trying to reduce prices with our manufacturing costs increasing was simply reviving hopeless attempts already made. We reasoned that the only vulnerable point was distribution.

Our initial task was to study our complete line of tools, select types and sizes which are required in large volume and drastically eliminate all that would never sell in supporting quantities. We tried to view the problem from the standpoint of the consumer, planning to supply him with tools that would honestly answer his purpose but at the same time eliminate every possible expense in both manufacture and distribution.

In considering costs, it is axiomatic that, the larger the order, the smaller the unit cost. So all we had left to plan was how to get our large lots moving through the trade channels.

Faulty pricing had long been common practice; not only too high but sometimes too low final prices to the ultimate consumer were found. We carefully studied all the markets that we could find and thus eventually ascertained what a tool, all angles considered, ordinarily should cost.

We used the highest quality materials but saved everywhere we could in the matter of finish to keep the costs down. Many of the costs we eliminated were once considered essential.

We placed in the hands of our wholesale distributors a merchandising instrument, and they in turn supplied their retailers with the plan that sells more goods for them, profitably. That successful result insured them against unregulated competition from each other.

We selected our wholesale distributors because of their financial strength and their strategic location, but even more because they think about merchandising as we do and because they were willing and able to carry out the necessary extra sales effort.

The best thing that has come out of

our experiment is a closer and more friendly relationship with our wholesalers. We have convinced them that our problems are mutual and, in working out the details, we have found their suggestions valuable.

Food industry's problems

THE problems of food distribution, an industry which he said requires the services of 1,616,000 persons, were discussed by Gerritt Vander Hooning of Grand Rapids, Mich., vice president of the National Association of Retail Grocers. He said the retailing of food is so heterogeneous an industry that standardization is out of the question and it is inconceivable that any type of organization ever can monopolize it.

Mr. Vander Hooning deplored the blame heaped on the retail grocer for the high cost of distribution, a factor

over which he has little control. Chief among the causes of distribution costs are the demands of Her Majesty, the American housewife, for "more modern, up-to-date retail stores, specially packaged merchandise, and the like. She likes to shop in stores that offer a wide variety of merchandise, and she insists that these stores be convenient, pleasing, clean—today she even intimates that she wants air conditioning. She wants a great deal of service—including telephone, delivery and charge accounts—and when the American housewife asks for these added services she must be willing to pay for them."

The difficulties that beset the individualist in business, the man who would prefer to stand on his own feet independent of government control, were pictured by Andrew B.

Crichton, president of the Johnstown (Pa.) Coal and Coke Company. While opposed to government control as a shackle to private enterprise, he was weakening in his resistance because of the pressure from all sides. The reason:

Nearly all the supplies we buy in our industry have the prices regulated; you can get quotations from any number but the price is always the same. I don't know how it is done, but it is. We can't do it in the coal industry because of the numerous units, the overproduction and the intense competition.

Clem D. Johnston, president of the Roanoke (Va.) Public Warehouse, placed his finger on the crux of today's competitive controversies when he said:

We will find almost everyone united in condemning "unfair competition" until we undertake to define the term. Then we run into difficulty. A lot depends on "whose dog is bit."

How to Have Better Homes and Cities

SINCE construction is generally regarded as a main reliance in recovery, it was given a prominent place on the program. Charles F. Palmer, of Palmer, Inc., Atlanta, Ga., the most optimistic of the National Council members who reported on business conditions, credited construction as the principal cause of bright prospects in his section. Of the half billion to be earmarked by the F.H.A. for slum clearance, he said, the Southeast expects to get \$90,000,000, and maybe more. Government subsidizing of construction is "enlightened capitalism" in his opinion.

Edward P. Palmer, president of the Associated General Contractors of America, Inc., reviewed the industry's prospects for the coming year, with special attention to the obstacles which obstruct the flow of private investment funds into construction.

Mr. Palmer called attention to the fact that the construction industry's market has always been found in two fields:

First, that financed by funds supplied by government and popularly designated as public works.

Second, that financed by private funds.

In that connection he said:

In 1926, \$9,400,000,000 (or 78 per cent of the total) flowed through the channels of private enterprise, and the remaining \$2,600,000,000 (or 22 per cent) through public treasuries. The national income for that year was estimated at \$72,000,000,000.

We may get another view of the industry's importance by translating dollars into man-years of labor. Statisticians may not agree exactly upon the formula to be applied but it may be assumed with-



Edward P. Palmer said: "No industry is so dependent on confidence as construction. Every job we do comes because someone is willing to make a long-term investment."

out serious error that \$1,000,000 worth of construction will provide a year's work for 650 men either at the site of the permanent structure or in supplying materials for it.

Application of this formula shows that 7,800,000 persons in 1926 owed their jobs to construction and that 6,100,000 of them worked by reason of privately financed projects. These figures when compared with the total number of employables in the nation are so impressive as to raise the question whether it is possible to have a sustained prosperity except it be accompanied by large employment in construction.

In 1937 when private construction made its best showing since 1931, it provided work for only 2,000,000 men. The volume of private work picked up considerably in the latter half of 1936 and carried over into early 1937, when a decline set in. Many familiar with the method of financing private work believe that this decline was directly chargeable to the provisions of the 1936 Revenue Act which initiated the Undistributed Profits Tax. That was the condition when we entered 1938 and there has been little improvement since.

Volume may be low

IT DOES not now appear that the Congress at this session will remove existing deterrents to the flow of funds into private construction. The prospects for the remainder of the year are, therefore, that the construction volume in the private field will not equal last year's. If it does, it will probably be in housing, where the Federal Housing Administration is making a great effort to promote building by private contractors through the insurance of mortgages.

In the field of public works, federal and state programs for road construction are definite for the present year under existing legislation. The proposal to continue federal aid to the states for the next two years on the same basis will probably be acted upon favorably by both Houses of Congress within the next several weeks. Appropriations for flood control, reclamation work and the usual public buildings will probably not be curtailed.

It appears that the 1937 level, \$2,500,000,000 in public works, will be available

to our industry. The great uncertainty which faces us is occasioned by the legislation now under consideration. Should large appropriations be made for the Works Progress Administration without restriction as to its use, it is not unlikely that we shall lose some of this volume. This organization, during the past two years, has encroached more and more upon the field of private enterprise, in many cases exerting pressure upon local officials to turn the job over to W.P.A., even after contractors, in good faith, had submitted bids for the work.

The offer to supply all the labor without cost to the municipality constitutes a form of competition which we are powerless to meet, and furthermore, in our opinion, a practice so destructive in principle that its effects eventually may be disastrous to all. Many contractors have already succumbed to this competition, especially the smaller operators on municipal work, contractors whose annual gross never exceeded \$100,000.

Further uncertainty is added to our condition by bills introduced by Senator Wagner and Representative Healey. These bills require that every contract to which the United States or any agency of the United States is a party for the manufacture, processing, construction or furnishing of materials, supplies or articles of any kind shall include covenants by the contractor on behalf of himself, his subcontractors and any other person who has any part in the preparation of materials that

"(a) They will conform with all certifications of representatives, orders and decisions issued by the Board pursuant to the National Labor Relations Act, in any proceeding before the Board under said Act to which such contractor, subcontractor or other person has been or may be a party; and that

"(b) They will not engage in any unfair labor practice defined in Section 8 of the National Labor Relations Act and will comply with any certification of the representatives of their employees by the Board, regardless of whether such contractor, subcontractor or other person is otherwise subject to the provisions of this Act."

Small home building

ERNEST T. TRIGG, president of the National Paint, Varnish and Lacquer Association, and chairman of the National Housing Advisory Council, spoke on "Industry Programs to Promote Small Home Building." He estimated the present housing shortage at between 2,250,000 and 2,500,000 dwelling units. In reviewing this subject he said:

When we realize that the peak year in home building was in 1925 when 894,000 homes in urban and non-farm areas were built, we get a clear picture of the stimulation to employment of men and capital and the revival of general business which will occur when we really go to work making up this shortage plus the usual additional needs which are estimated as 450,000 a year.

Plans of the steel, cement, clay products, and lumber industries and the efforts of the American Gas Association and other groups to promote small house construction were outlined. The speaker also urged the necessity of closer cooperation of

the several factors in the building industry with each other:

While individual efforts further to reduce the cost of a completed home should be continued, the results will fall short of the maximum unless all the factors in the building industry come to realize that they have a common interest in the final objective—the finished home. . . . To illustrate, I call attention to what I feel is the real opportunity for making further reductions in the cost of small homes. This lies in the direction of standardizing the materials used, having them brought to the job cut, threaded, and otherwise prepared to be immediately assembled without the delay and expense of fitting and finishing on the job.

I can see no reason why the type of homes we are talking about cannot in effect become really an assembled job just as the manufacture of automobiles is today, by having parts made which fit exactly and which are put together in the factory practically automatically, making possible tremendous mass production.

Would mean more jobs

THIS does not necessarily mean destroying the individuality of homes in a community, each of which can be made to have a somewhat different appearance. It does mean, however, that the detailed designing of such homes would be based upon the use of standardized materials. So far as labor is concerned, it seems reasonable to assume hearty cooperation in obtaining such reductions. I say this because it would result in the building of thousands of homes where only a few are being built today and thereby insure employment for building mechanics for a more substantial percentage of their time and over a much longer period.

The Structural Clay Products Institute, Mr. Trigg pointed out, is featuring six homes, three of which are original designs for brick homes and three are re-designs of Federal Housing Administration homes to show brick construction. The Institute is definitely concentrating on the low-cost market.

The American Iron and Steel Institute is encouraging the use of steel in small homes and has issued informative pamphlets on the progress made.

The Producers' Council is cooperating with the Shelter Division of the New York World's Fair and has recommended that all Fair activities dealing directly with shelter be integrated.

The American Gas Association is offering two substantial prize competitions, one for architects for the design of homes and the other for builders for the construction of homes. The Association will distribute \$23,700 in these prizes.

The housing program of the Portland Cement Association has been developed in cooperation with concrete products manufacturers, small concrete contractors, and through personal work with architects and home builders. Plans for some of the F.H.A. low-cost houses have been prepared by the industry and made available to these groups.

An outstanding activity for promoting small home building, Mr. Trigg said, is the National Small Homes Demonstration Program.

It was initiated by the National Lumber Manufacturers Association and the National Retail Lumber Dealers Association. Twenty or more national associations, together with several individual concerns in the building material industry have joined together in this activity for a consolidation of promotion efforts. The theory on which this demonstration program is built and its plan of operation are sound. It is a practical, realistic way of "doing something" to show that small homes in the price range of families with moderate and low incomes can and will be built.

The new program is based on the conviction that a sales approach to the problem will be more immediately productive than scientific efforts completely to overhaul the present American home-building system.

The local application of these industry programs was discussed by C. I. Cheyney of Bluefield, W. Va. He stressed the inherently localized character of residential building and stated that its problems could not be solved without local initiative and cooperation. He felt that the building industry would benefit itself and the public by proper sales approach to the problem of stimulating and widening the market for small homes. He offered concrete examples of results which had been obtained in Bluefield and other communities where the number of houses built had been doubled and tripled as a result of intelligent selling.

To encourage local efforts

WALTER R. McCORNACK, chairman of the Housing Committee of the American Institute of Architects, and Russell G. Greviston, president of the Producers' Council, made an important announcement with reference to a plan to provide architectural service with respect to design, planning and supervision for builders in the small house field.

The purpose is to encourage local efforts, such as those developed in Memphis and other cities. The plan ties in with the encouragement given by the Federal Home Loan Bank Board of good homes design and supervised construction in the Federal Home Loan Bank system. It was pointed out that, in an increasing number of localities, large and small, lending institutions are offering home builders good design and supervision of construction. It is hoped that the program of the Small Homes Committee of the American Institute of Architects and the Producers' Council will extend these pioneering efforts on a broad scale with the complete cooperation of the home building and home selling industry.

Peace and Trade Among the Nations



Thos. Watson speaking at the International Chamber of Commerce Dinner. Left to right next to Mr. Watson, Assistant Sec. of State Messersmith, Dr. Ross, former president of the Canadian C. of C. and Silas Strawn

ABELIEF in fewer restrictions on world trade, leading to an eventual end to most of the national trade barriers, was re-affirmed. "The division of labor on an international scale" is the general objective, as phrased by one of the speakers. Reciprocal trade agreements were generally endorsed and the super-nationalism which seeks a self-contained economy as the greatest good was deplored as unsound.

In a speech on "National Defense" which at once drew critical comment from Rome and Berlin newspapers, Secretary of War Harry H. Woodring declared that the great democracies are deeply concerned in a constantly improved standard of living, which "can come only in an orderly world in which treaties are observed and the fundamental decencies of international law are respected."

The democracies have an overwhelming material as well as moral interest in a law-abiding world. . . . There seems to be no question that the Japanese occupation of Manchuria in 1931 was the beginning of a chain of events that led directly to much of the present difficulty in which the world finds itself. Four years later Germany announced its adoption

of re-armament and conscription in violation of the Treaty of Versailles, and the next year came the occupation of the Rhineland. . . . In the same year with German conscription came the Italian attack upon Ethiopia, which was adjudged by the League of Nations a violation of the League Covenant which Italy had signed.

Checking aggression

AS A friend of peace and as one who is heavily charged with responsibility for its maintenance, Secretary Woodring talked in practical terms and without emotion. He said:

You may ask whether it is possible to check aggression without resorting to armed force. I believe it is. The foundation of a nation's military strength is economic strength. In economic strength the democracies are far stronger than the autocracies.

The potential strength of the great peace-loving nations is the essential stabilizing influence in the world today. But the mere existence of this potential strength is not enough, as has been demonstrated. Take a common illustration: If policemen were under strict orders never to use force, how effective would they be in maintaining order? If a nation were similarly bound never to resort to any sort of force, economic or military, except in case of actual inva-

sion, how long would its rights be respected in an anarchistic world?

It is necessary, therefore, for us to continue to maintain our army and our navy, as strong and as efficient as the world situation warrants. They will not, of themselves, involve us in war, but their existence will render our peace more secure.

Speaking of the influence which the English-speaking peoples can exert on world stability, Lt. Col. J. H. Woods of Calgary, Canada, chairman of the Canadian Section, Empire Press Union, said:

During our generation, the world has lost something that it once possessed. You may think of it in such terms as you wish—terms of religion, of ethics, of physical morals, of business principles, of character. But, in whatever terms you think of it, there is something we have lost. We have not been fitting ourselves to transmit to those who follow us a code equal to that which our fathers left to us. To recover that vision, to create a new ideal in the human heart is the mission and the duty today of the English-speaking peoples. Commerce alone will

not do it. Commerce is only a result of conditions, not a cause of them, except materially. Thought alone will do it.

Here, then, is a continent belonging to you and me, a continent that has within it great promises of future happiness and prosperity for millions. We are the highway of the world. Remember that we stand in a sort of "no man's land" between great warring forces; the forces that would impose upon Europe the autocracy of trained dictatorships, the forces that would spread through the world the principles of Soviet Russia, with the destruction of religion—and from our point of view the debasement of the home—and the forces that across the Pacific are reaching out to hundreds of millions of humble people to make of them a unified body, that will take possession spiritually and materially of a great continent.

The best safeguard is to cherish freedom, Colonel Woods declared—freedom of thought and intercourse in our domestic affairs.

Our important export market for agricultural products can be destroyed in two ways, said William L. Clayton, of Anderson, Clayton & Company, Houston. One is the raising of tariffs on imported goods so high as to diminish effectually the dollar buying power of our customers abroad. The other is the adoption of govern-

mental devices intended to peg the price of our agricultural surpluses. Both plans have been followed since 1930, he stated, but a price-pegging device is now the chief reliance for restoring farm prosperity.

In the United States, agricultural distress resulting from the new economic nationalism has been greatly intensified by government loans, government price-pegging and government-subsidized curtailment of production. Such measures grow out of the mistaken notion that the United States Government can fix the price of world crops such as cotton and wheat. The experience of 2,000 years cries out to the contrary.

In our own interest we must make available to other nations our great surpluses of food, fiber and other raw materials at competitive world prices and on terms which will make other things than gold valid for payment. We already have their gold.

Hand in hand with a liberalized foreign trade policy must go the abandonment of all measures which artificially raise

and services among nations in order to raise living standards and promote the welfare and security of people everywhere. When we have a freer flow of goods both ways across borders, we will have no need for soldiers marching across those borders.

Two years ago the International Chamber of Commerce and the Carnegie Endowment for International Peace organized a joint committee the purpose of which was to make a survey of the world economic situation. This committee has recommended a program which has five objectives.

1. Stabilization of currencies.
2. Readjustment of trade barriers.
3. Settlement of international debts.
4. Limitation of armaments.
5. The proper distribution of raw materials, food and clothing throughout the world.

The theory of economic self-sufficiency was analyzed by James A. Farrell, New York City, chairman of the National Foreign Trade Council, in these words:

No nation is self-sufficient in the matter of raw materials. The United States is no exception. It is only in recent years that the question of availability of raw materials has become a burning political issue which disturbs world peace. What, then, are the real causes of deficiency of raw materials of which some European countries complain?

A chief cause, of course, is the inability of these countries, through lack of foreign exchange and owing to internal economic instability, to buy the raw materials required. The countries producing raw materials for export are eager to solve their own domestic problems by an increase in exports. The United States, Great Britain and other countries have found no difficulty in purchasing from abroad the materials they need.

George P. Auld, partner of Haskins and Sells, New York City, strongly advocated continuance and enlargement of the American reciprocity program. Of the basic theory underlying it, he said:

Based on the figures of the Department of Commerce it would obviously be too simple a conclusion that, on the export side, the case for the trade agreements has been conclusively made. On the other hand, as to imports, if a defender of the program were to argue that its success to date is demonstrated by the smaller



John R. Ford (left) of the Berkowitz Envelope Co., Des Moines, Iowa and Frank Cornell of the Cornell Tractor Co., Salinas, Calif., compare notes before the session starts. Below, Dr. Owen Smith (left) of Portland, Maine and General John H. Schouten of the Schouten-White Co., Grand Rapids, Mich., get acquainted at lunchtime in the court

our prices of farm and industrial products. Indeed, if price equilibrium is to be measurably restored, the things which the farmer buys must be cheapened. In some industries wages undoubtedly have been pushed too high, but prices, under the generous protection of the tariff, have in some cases been pushed still higher. Labor and capital must both make concessions.

Thomas J. Watson, New York City, president of the International Chamber of Commerce, said of foreign trade as a factor in world peace:

Today the International Chamber has representatives in 51 countries. At our last Biennial Congress in Berlin in June, 1937, more than a thousand business, financial, and educational leaders unanimously agreed upon a constructive program for strengthening the economic foundations of peace. This program emphasizes the need of a freer flow of goods



increase in imports from agreement countries relatively to those from non-agreement countries, he would be guilty of a double error. Not only would he be ignoring important special reasons for the increases in imports from non-agreement countries but he would also be betrayed by a fallacy regarding international trade which no modern economist could accept. The old idea that exports mean gain and imports mean loss dates from the out-worn theories of the mercantilists, who wanted only to export goods and to import gold.

It must be repeated that trade is an exchange of commodities which creates added activity and new income on both sides, that exports are paid for by imports, and that imports provide materials necessary for the operation of industry and the satisfaction of the consumer.

The all-embracing advantage claimed for the program is that new movements of trade outward and inward augment each other. They create, if circumstances are favorable, an upward spiral of reciprocal increases in buying power. When the spiral begins to mount and new buying power is created on both sides, the question of dislocation of protected industries becomes unimportant or non-existent.

Rear Admiral Emory S. Land,

chairman of the United States Maritime Commission, reminded Chamber members that more than 90 per cent of our trade fleet on the high seas will be obsolete within the next four years. He viewed this as "a deplorable situation, fraught with dangerous consequences, both to our commerce and our national security." The nation has neglected to provide for replacements.

Among the eight principal maritime powers of the world, on the basis of fleets engaged in international trade, we stand fourth in size, sixth in speed, and seventh, or next to last, in age.

While our failure to provide for an adequate and regulated replacement program for the merchant fleet is lamentable, there have been some extenuating reasons. Investigations, financial and labor troubles, the depression, mismanagement and extravagance, and the vacillating governmental policies of which the American shipping industry has been the victim in the past decade, have not been conducive to either normal or healthy development.

As a consequence of our neglect, our replacement needs today have become tremendous. Our total seagoing fleet con-

sists of 1,422 vessels of 2,000 tons and more aggregating 8,470,000 tons. Of this fleet, 1,305 ships of 7,402,000 tons will be obsolete by 1942. To replace all the ships now nearing obsolescence would require the construction of 261 vessels totalling about 1,500,000 tons a year for the next five years. Such a program would cost about \$2,500,000,000.

Badly as the merchant marine needs new ships, there is no thought of such a prodigious undertaking. We plan a more conservative approach.

From the standpoint of national defense which is the Government's primary interest in creating a strong merchant marine, our minimum needs, according to the Navy's experts, require 500 ships within the next ten years. These vessels, it has been estimated, will cost \$1,250,000,000. Although still pretentious, this represents a more rational program and one that should be within our capabilities.

Lawrence M. Judd, former Governor of Hawaii, said that the sums spent by the War and Navy Departments in making a great military and naval base of Pearl Harbor and the Island of Oahu were a good investment for the national defense.

Exchanging Goods and Ideas

RECENT events have made a re-examination of facilities and trends in transportation and communication particularly timely. Of special interest at the moment is the situation of the railroads and what Congress can and should do to help them avert a crisis.

"The immediate situation of the railroads is critical in the extreme," was the deliberate opinion expressed by J. J. Pelley, president of the Association of American Railroads. Contrary to popular opinion, Mr. Pelley said, railroad troubles are not due to deterioration of service, lack of efficiency in operation, or increased burdens of financial structure. The whole story is told in one simple condition—too little traffic, and at rates below cost. This deficiency traces to the general depression and diversion of traffic to other forms of transportation.

In Mr. Pelley's view, the railroads have not received equality of treatment in the matter of government subsidies. They would prefer no subsidies at all but, if competing forms of transportation are to receive them, the railroads should share in proportion.

Among the remedies recommended by Mr. Pelley to relieve the present situation were:

- An increase in rates, plus greater freedom for the carrier to exercise judgment in fixing the rates on traffic.
- A 15 per cent reduction in wages.
- An end to reduced rates on govern-

ment traffic by repeal of the land grant statute.

Withdrawal of Federal Barge Line competition.

Better regulation of water transportation.

Repeal of the Long and Short Haul clause of the Interstate Commerce Act.

New issues in other fields of transportation and communication were discussed under three heads—modern highway programming, aviation requirements to meet trends in airplane design, and the possibilities of the American broadcasting system.

Frank T. Sheets, president, Portland Cement Association, and formerly chief highway engineer of Illinois, outlined major purposes of the comprehensive surveys being made jointly in 44 states by the United States Bureau of Public Roads and state highway departments, which he regards as one of the greatest contributions yet made to highway development. The surveys will reveal, for example, the character and distribution of traffic on the highways, the habits of highway use by both urban and rural people, condition of the highways and the work needed on them, the sources of highway revenue and numerous other facts from which rational programs for development can be prepared.

Mr. Sheets asserted that, in spite of the remarkable record in highway development in the past, our highway system is not adequate for pres-

ent, let alone future, needs. This applies to metropolitan centers, where lack of free-flowing traffic arteries results in traffic congestion and dangerous conditions; to our principal highways, which need modernizing; and to our farm-to-market roads, which farmers are demanding to market their products.

Meanwhile, highway revenues are being diverted to other purposes or being spent on highways of purely local use, while some are urging highway holidays and others super-highways. The fact-finding surveys nearing completion, he said, afford an opportunity to establish a well balanced highway program but, to accomplish this, civic organizations must rally to the support of officials in developing sound conclusions, evolving adequate plans for future highway development and getting the necessary legislation passed.

A recent survey indicates that more than \$3,600,000,000 worth of improvements are badly needed on our main-trunk highway system alone. He said that we face an era of unprecedented highway development, which can be had without increased taxation if, by modern programming, we plan intelligently and use our highway funds wisely.

V. G. Iden, secretary, American Institute of Steel Construction, Inc., said that, although highways have been developed to open up the hinter-

land they have failed dismally to serve the great bulk of motor traffic. Although 90 per cent of the automobiles in the United States are owned by residents of cities, little of the tax revenues collected from them are spent on urban highways.

The greatest need today in highway building, Mr. Iden believes, is to construct express highways through congested centers, as is already being done in small degree. He held that not only safety, but also economics, demands this; that business establishments are moving out of the cities to escape congestion; that the price of virtually every commodity is increased by the delays to delivery trucks in congested traffic.

Favors elevation

HE held that neither street widenings nor bypass routes solve the problem, which in his judgment can in most cases be met only by elevated highways.

A. E. Raymond, vice president, Douglas Aircraft Company, Inc., stated that, although airplanes larger than any previously used are to be built for a number of the major air lines, they will require no super-airports or other material changes in present-day airport design. He pointed out, however, that the airports in some major cities should be enlarged for present type airplanes as much as for the future.

The new type planes to which Mr. Raymond referred are four-engine ships. The adoption of four engines is a safety feature to make available two engines even if two fail, the mathematical possibility of more than two engines failing in the course of a single flight being negligible. The engines are large, because engines of large power are cheaper and lighter per horsepower. Mr. Raymond saw no likelihood, however, of further increases in size, and gave figures to show that runway dimensions and other airport facilities adequate for present types of airplanes will be more than sufficient for the new types.

Referring to the landing characteristics of the new types, Mr. Raymond asserted that, with the new tricycle landing gear, they will be able to land directly from a gliding descent without danger of bouncing and no tendency to ground loop.

He also described provisions to "pressurize" the air in the new planes to permit them to fly at altitudes of from 16,000 to 20,000 feet without discomfort to passengers or crew. This would bring them above the highest mountains in the United States and above many of the storms.

With these large planes, intermediate stops will be relatively infrequent, and they therefore will not require

3. Its appeal to the emotions as well as the intellect.

4. Its power to motivate to action.

He told of the experience of a commentator who, without previous arrangement, invited his friends to telegraph messages to him without cost and 260,000 such messages came in. When a fictitious character in a popular family sketch offered seeds from her petunia bed for a dime, a million dimes were received.

Mr. Lohr stated that, because of this power of radio, his company felt it necessary to bar dramatized political broadcasts, and scrutinize and edit with great care scripts intended for broadcasting. The success of broadcasting as a commercial institution, he asserted, depends on giving the public continuous service of a high order, "knowing that the severest censor is the thumb and forefinger of the American public."

Gives both sides

EFFORT is made, he said, to give equal opportunity for discussion on controversial public issues. His company has sought to restrict discussions of controversial issues to sustaining time—that is, time during which the broadcasting company bears the costs of the program as distinguished from commercial periods. When opinions subject to dissent have crept into commercial program arrangements have been made to present the opposing views.

Mr. Lohr felt it necessary that the Government should regulate technical facilities to prevent chaos on air channels. He thought the period for licenses could well be increased from the present six months to three years to aid in stabilizing the industry. He raised questions as to whether the Government should censor programs, should say what price should be paid in the transfer of ownership of stations, or should inquire into accounting procedures and personnel matters.

He stated that, in carrying out the policies outlined by him, the American system of broadcasting stands almost alone in a world in which radio is being used extensively for propaganda purposes by dictatorial governments. He is content to leave the stamp of final approval or disapproval to the American public.



Joe C. Trees, of the Benetum-Trees Oil Co., Pittsburgh, Pa., and John E. Galvin of the Ohio Steel Foundry Co. of Canton look over a program to determine which meetings they will attend

changes at the intermediate landing fields. The intermediate points will be regularly served by feeder planes which, he said, will present no airport problems. Double-decked seaplanes for transoceanic flights are a likely development of the near future, and these may require extra long runways and extra large cleared and patrolled areas at a few terminal airports.

Lenox R. Lohr, president, National Broadcasting Company, gave a brief review of the development of broadcasting in the United States. He pointed out that, in 1926 when the first network of broadcasting stations was brought together, there came into being the greatest means of mass communication that the world had ever known.

Mr. Lohr cited four characteristics of broadcasting to account for its powerful influence:

1. The vastness of its coverage.
2. Its immediate effectiveness.

Insurance Achievements and Problems

THE ENORMOUS growth of insurance, notwithstanding the rigors of depression times, has made insurance companies the custodians of a large block of the nation's savings. The financial implications in this fact provided a timely topic for discussion, as did some of the other newer problems in the field. Among these are the increasing accident hazard created by mechanized industry and the automobile, and increased labor strife.

America's investment in insurance was graphically pictured by O. J. Arnold, of the Northwestern National Life Insurance Company. He pointed out that more than one-third of our national wealth is protected by loss from fire and, in the life insurance field, human values are insured in an amount well exceeding one year's income for the nation as a whole.

In another field, casualty insurance protects millions of policyholders against various other contingencies. Referring particularly to life insurance, he stated that, at the close of 1937, more than 64,000,000 Americans carried life insurance, averaging \$1,700 for each policyholder and totalling \$110,000,000,000—an all time high. The assets of the life insurance companies, representing as they do savings of the country's 64,000,000 policyholders, aggregate more than \$25,000,000,000—an average of approximately \$400 for each policyholder.

Insurance management over a long

period, by encouraging fire waste control, better sanitation and better health and other measures, has gradually reduced insurance costs to the public. However, Mr. Arnold called attention to the impossibility of finding suitable investments for life insurance funds. Cash is piling up and there is no demand for it. Since interest income is a factor in determining insurance costs, unless business is permitted to expand, the net result inevitably must be an adjustment upward in these costs.

William B. Daly, Manager of Mines, Anaconda Copper Mining Company of Butte, Mont., traced the work of his company since 1912 in reducing health and accident hazards. More than 20 years ago his company recognized the seriousness of the dust hazard and launched a program to minimize it. By installing large surface fans to increase the quantity of air circulating through the mines which would dilute the dust concentrations and quickly draw the air out, they were able to effect great improvements. The quantity of air was trebled, he said.

Their next step was to correct the conditions that created high concentrations of dust in the underground atmosphere. The use of dry drills was stopped and only wet drills are used. Furthermore, every place in the mines where dust may be created is sprinkled with water and all blasting must be done at the end of each shift.

The fans then draw out the dust-laden air caused by blasting before the next shift enters. As a further precaution, roads and yards around the collars of the intake shafts are oiled, water sprays and compressed air-water blasts are installed in the operating shafts at different elevations and in skip loading pockets, main haulage ways and inlet air courses are periodically wet down.

Dust hazard mastered

TOPS of raises and main travelways are provided with sprinkling hose and all dead-end working places are equipped with blower and flexible tubing for auxiliary ventilation. According to the speaker, the dust hazard in the Butte mines has been mastered to the point where it is impossible for a workman to contract silicosis in a degree which will incapacitate him from doing regular work during his normal lifetime.

Hubert O. Wolfe, insurance attorney of Milwaukee, said that labor disturbances with the resultant strikes, riots and civil commotion have created new insurance problems and a widespread demand for policies affording coverage for losses arising from such sources. He stated that insurance companies have responded to these new demands and are now writing policies in practically every state covering damages resulting from



The Annual Meeting offers an unusual opportunity for getting together and exchanging viewpoints. Visiting here are George M. Gray, Sec., Ohio Hardware Mutual Ins. Co., (center front) and to his left around the table, W. H. G. Kegg, Sec. Lumbermen's Mutual Ins. Co., Mansfield, Ohio; H. Clay Evans Johnson of the

Interstate Life & Accident Company, Chattanooga; Wade H. Adams, vice president, Southern Biscuit Co., Richmond; E. P. Hubbell, real estate operator, Washington, D. C.; Harry M. Wimer of Harry Wimer, Inc., Butler, Pa., and Lawrence W. Smith of Grand Rapids

riots, civil commotions and strikes.

Insurance against damage arising from strikes, lock-outs and labor disputes is of comparatively recent origin, said Mr. Wolfe. While there is but little judicial authority interpreting the risks in losses caused by strikes and riots, these policies and riders do state their inclusions and exclusions with much exactness, clarity and precision.

S. Bruce Black, president of the Liberty Mutual Insurance Company, summarized briefly some of the present legislative trends in the automobile accident field. He said that probably not more than one-third of the automobile owners in the nation are

financially able to pay for damages their cars may cause, even including those who have voluntarily bought liability insurance.

Inability of the victims of automobile accidents to recover damages they are legally entitled to receive because the negligent car owner is unable to pay is a serious problem and has long been so recognized by the legislatures of all states.

The public, including those who own cars and those who do not, is interested in the problem and will sooner or later choose a solution. Insurance is certain to be a necessary part of that solution. Mr. Black said he was interested in having this in-

surance provided under a competitive system by private carriers.

A system of regulated private competitive insurance is best, he held, because it has the most promise for the prevention of accidents, which must always be the first objective in this battle against human wastage. Competition in service among carriers has greatly reduced the fire cost in this country by encouraging fire prevention. It also has made for great savings in human suffering and economic losses by stimulating prevention of industrial accidents. And, in Mr. Black's view, it will make a like contribution to the prevention of automobile accidents.

The Business Interest in Farms

AGRICULTURE was a depressed industry even in the 'Twenties. Then, as now, its economic interdependence with business for the mutual prosperity of both was generally understood to be one of the keys to prosperity. Which is the cause and which the effect, where to start spinning the cycle of prosperity, is a question that the economists have not answered. Without attempting to supply the answer, but in the effort to show each side how much it depends on the other, this was selected as the topic for the Agricultural Round Table Conference.

The influence of agriculture on general prosperity was discussed by Chester C. Davis, formerly administrator of the Agricultural Adjustment Administration, and now a member of the Board of Governors of the Federal Reserve Bank. Joe H. Anderson of Thompson, Ia., a former member of the Iowa Legislature and a farm operator, took the other side of the question—the relation of industrial activity to farm prosperity.

Mr. Davis pointed out that there are fields where consumer buying power practically controls the size of farm income and clear cases in which farm buying power leads directly to increased industrial activity. For example, mail order and small town department store sales declined 50 per cent from 1929 to 1932, while farm income fell from \$10,500,000,000 to \$4,300,000,000, or 58 per cent. By 1937, farm income had increased 96 per cent and mail order and small town department store sales had increased 93 per cent.

These figures, he said, bear out the contention that, if farm income could be stabilized through a well balanced farm production program,

much progress would have been made toward eliminating the extreme fluctuations in industrial production and employment.

The wide swing in farm and food prices relative to all other prices dominates to a large extent the general level in periods of falling prices and of rising prices as well, he said.

An important phase of the farm problem as depicted by Mr. Davis is that of inventory. It arises from fluctuations, not so much in demand as in supply, over which the farmers have little immediate control. Industry has various means of dealing with an analogous situation. What the farmer should do when his inventory becomes excessive is a question that, according to Mr. Davis, promises to become an important one for business men.

The break in industrial activity which has taken place in the past nine months has been materially cushioned by the relatively high farm income, he said. Recently, because of large inventories of wheat, cotton and corn, farm incomes have been declining. Under these circumstances, the efforts of the nation should be directed toward preventing falling farm income from adding to the depth of the business downswing.

Joe H. Anderson of Thompson, Ia., former member of the Iowa State Legislature and a farm operator, discussed the other side of the question—the relation of industrial activity to agricultural prosperity. He offered a justification of the new program for the regimentation of agriculture on the ground that farmers learned the idea from business men. Of the competitive aspect of the problem he said:

Because agriculture is one of the most

highly competitive industries in this country, we have become keenly conscious that this competitive system which we would retain with all the glory of its accomplishments is, in its essence, cold, ruthless, and is becoming more fierce and furious every day, not between individuals, but between larger and larger groups of individuals, greater and greater combinations of capital. When we try to regiment ourselves to meet this prevailing condition, we are not thinking in terms of bureaucracy, or autocracy, or collectivism. We simply seek to mobilize our industry for mutual protection in the full knowledge that the law of the "survival of the fittest" still holds.

Since regimentation has become such an ugly word perhaps I should take the precaution to say that, as I here use it, the word simply means orderly, planned, systematic cooperation designed to insure concerted action on a united front in our forward progressive movement toward equality for the farm in our national economy. We are not Fascist minded and we abhor Communism. We believe that the fundamental principle of democracy requires that the Government write the rules and referee the game but should not play the game.

And with regard to reciprocal markets:

Industrial activity is an essential to agricultural prosperity. That needs no proof. It needs realization. More mutual effort to convert mutual advantage into more money. Our mutual relationship is such that you are not coming to us. We are coming to you. We raise the raw products. You make them into finished products. We must sell before we can buy. You must buy before you can sell. You decide how big our domestic market shall be and how profitable. The more commodities and materials you buy, the more products you process or manufacture, the more people you employ and the longer you employ them. The more you spend and the longer you keep on spending, the more we farmers can produce and the more we can sell at a profit. But you decide not only what kind of markets we shall have for our farm products and what our income shall be. You also decide what kind of a market is made for your own products out on the farm.



"Our leaders should be those who can best correlate the desire to consume with the willingness to produce."

LOHR

Pungent Passages

SOME of the expressions by speakers at the annual meeting which brought the audience to its feet and caused stenographers recording the proceedings to add parenthetical "prolonged applause"

"Complex economy"

WE ARE told that when Washington, Jefferson and company originally assigned tasks to governmental and business leaders we had in this country a "simple economy" and that now we have a "complex economy," though I have never been able to see why one is complex and the other is simple. When my grandmother had to build a fire out of buffalo chips and make a pot of soup out of nothing, that wasn't so simple. My daughter can turn on the gas, open up a tin can and there is the soup. I would like to know which is the complex and which the simple.—B. C. HEACOCK, *Caterpillar Tractor Co.*

Infallibility

I HOPE the democracy of the country will pour whatever indignation God grants to free citizens on every arrogant assumption of political infallibility, let the chips of invective fall where they will.—REV. EDMUND A. WALSH, *Georgetown University.*

Equality is gone

EVERYONE has been equal under the law until the Wagner Act dispelled that privilege. A recent decision in a sit-down case can best be illustrated by a case in Vienna recently. A burglar after serving a sentence for attempted robbery sued the owner of the house because he had been bitten by a watch-dog while trying to open the safe. When the defendant admitted that his dog would bite strangers, the court awarded damages on the strength that the dog should have been muzzled.—WM. S. KNUDSEN, *General Motors Corporation.*

Matchmaker

YOU CAN no more legislate good human relationships (in industry) than you can good domestic relationships. The labor legislation that we have on the statute books today goes only as far as to determine who is to fight with whom.—C. S. CHING, *United States Rubber Products, Inc.*

How farmers fight

IT IS said that farmers fight among themselves and agree on nothing. Don't take that too seriously. Were you ever awakened at midnight by a cat fight that made you think there wouldn't be a living cat left the next morning? Well, what did you find? More cats!—JOE H. ANDERSON, *Thompson, Ia.*

Fixing is dangerous

FIXED wages, fixed salaries, fixed return on capital, or in fact, fixed anything else, is injurious in the extreme.—W. GIBSON CAREY, *Yale & Towne Co.*

Definitions

ORGANIZATIONS set up by the men themselves are held illegal, company-dominated, not an expression of the will of the workers. But let a strong-arm squad corner a terror-stricken wife and

mother during an organization drive with the threat, "You make the old man join us or you'll have a stick of dynamite under your house tonight," and a membership so obtained is considered by the National Labor Relations Board to be the free choice of the victim.—SEN. EDWARD R. BURKE, *of Nebraska.*

The new saviour

IN 1935 many of us said, "Thank God for the Supreme Court." In 1938—and again, I hope, in 1939—we are saying, "Thank God for an independent Congress."—GEORGE H. HOUSTON, *Baldwin Locomotive Works.*

The other fellow

MOST advocates of fair-trade or price regulation laws are enthusiastic for instruments that will regulate the other fellow.—MARK J. LACEY, *Peck, Stow and Wilcox, Southington, Conn.*

Criticism

INSTEAD of being valued for what it has done, business is denounced for what it has not done. It is judged by its shortcomings, not its achievements, like a runner who, instead of being commended for winning the race, is condemned for not having run faster.—GEORGE H. DAVIS, *president of the National Chamber.*

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who direct the policies adopted by

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A Declaration of Business Policy

Resolutions Adopted by the Twenty-Sixth Annual Meeting

ALMOST every day somebody presents a plan or course of action which purports to come from "business." This accounts for many inconsistencies and political leaders are quick to point them out. As a result, business men themselves are confused.

The difficulty arises because many of those who presume to speak for business do not represent all industries or all sections of the country. The only real declaration of business policy in the United States comes from the orderly procedures of the United States Chamber of Commerce.

The views presented here represent the composite opinions brought forth after discussions by 2,000 delegates duly elected and accredited to represent 750,000 business men. They represent all industries and all sections.

Recovery

BECAUSE efforts of government and business for recovery from the disastrous depression of the past

eight years have fallen short in their objectives, every consideration of public interest requires that governmental measures already taken be reexamined by Congress in the light of experience, in order that unnecessary regulations may be removed and additional measures taken directed to recovery. Such measures should free initiative in enterprises promoting employment.

Increase in production and consumption is the only process through which the standard of living may again resume its upward course and a high standard be made more widespread. It is the course that will tend to higher wages for increasing numbers of workers.

Such a national policy will raise revenues for the Government while reducing the burdens of taxation; it will open the way toward reduction in number of persons upon public pay rolls and permit a reorganization of the executive branch of the federal Government in the interest of economy and of more useful services from public employees; it will make possible an earlier balancing of the budget and the paying down of the national debt.

The business men of the country continue ready and eager to utilize every opportunity to devote their best efforts to advance these purposes.

Capital Needs

THE normal processes of saving and investing must again be encouraged and permitted to have

their beneficial effects in increasing business activity and adding to employment. To this end Congress should direct that regulatory legislation should be applied to prevent abuses without destroying the capital market for legitimate private enterprise and without making the security markets so instable as to defeat the purposes for which they exist. So far as these destructive effects have their source in legislation, Congress should promptly revise the regulatory statutes, in order that handicaps upon recovery may be removed.

Because of these curative steps which should be taken, Congress should refuse to give attention to measures the consideration of which gives rise to uncertainties detrimental to the orderly processes of the capital market at a time when it is most imperative in the public interest that that market should be operating at its fullest efficiency. Measures of this kind include the bill, now being advanced for action, that would impose, with respect to companies engaged in manufacturing and com-

merce, restrictions as to the trustees they may use when seeking further capital through sale of bonds duly registered with the Securities Commission, more stringent and expensive restrictions than are required by law when the Interstate Commerce Commission passes upon the securities railroads desire to issue. Another such measure would undertake to give the Securities and Exchange Commission entirely new powers, for which it is asking, in connection with reorganizations of business corporations.

The business of the country needs the encouragement of being free from the threats contained in further legislation of this kind—threats in added costs and harassments, threats in unknown liabilities, and threats to the supply of capital and credit they must have for the continuance and development of their enterprises.

Government Competition

GOVERNMENT competition with private enterprise is taking many forms and is retarding business recovery. Few private business enterprises, however efficiently organized and conducted, can long survive in the face of competitive activities from the Government itself, or activities promoted by the Government and supported with subsidies directly or indirectly from the public treasury.

Government agencies, federal and state, should cease all enterprises through which they seek to supplant their own citizens in supplying the public, should supply their own needs, whether for materials or for construction, by contracting with the lowest responsible bidder after obtaining the widest possible competition, and should cease subsidizing one form of business, such as cooperatives, against other forms. Government should always leave open opportunity to all of its citizens for the development of all legitimate forms of lawful enterprise, each form being allowed to succeed or fail in accordance with its own merits. These are the only courses for government to follow in fairness to private enterprise and its employees, to consumers, and to taxpayers generally.

In order that the public may be informed as to costs which result from departure by government authority from the principles we advocate as in the true interest of the general welfare, we urge that the costs of operation of government activities which are in competition with private enterprises should be ascertained in accordance with standard business accounting practices and be made public. The accounts of such enterprises should be completely separated from the accounts for non-competitive activities of the government and for each activity periodic balance sheets and income and expense statements should be prepared and made public.

Labor Relations

THE Labor Relations Act and its administration exert influences working strongly against recovery.

Recent action of the Labor Board is tantamount to public admission its proceedings have not been fair and impartial, and there has been ample demonstration the legislation has not fulfilled its stated purpose of lessening industrial disputes.

We favor a thorough congressional investigation to determine whether the Act should be withdrawn entirely or whether amendments should be made. Whatever the disposition of this statute, we believe the prime consideration of the federal Government should always be to maintain impartiality as between employer and em-

employees, and as between different types of labor organizations.

We advocate repeal of the Act. If the Act is not to be wholly withdrawn, we urge that it be structurally amended. Amendments should include protection of employees against interference in any of their rights, including their rights of self-organization, whether the interference comes from employers, employees, or anyone else. Appropriate rights should be given to employers, and afforded protection. Definitions so clearly set forth that all parties concerned may readily and unmistakably understand their obligations and their rights should be an essential feature. All provisions should be restricted to matters properly subject to federal regulation.

Any attempts, such as those contemplated by a pending bill, to provide double penalties in connection with the Labor Relations Act or to extend the application of that statute to recipients of government contracts and all of those dealing with instrumentalities of the Government are not in the public interest and should not be passed.

Wages and Hours

COMPENSATION for employment cannot be equitably apportioned nor can enduring increases in employment be secured through centralized federal regulation of hours and wages. We believe that, with regard to minimum wages, maximum hours, and working conditions, there should be only such public regulation as may be validly applied by state governments for those special classes of workers for which legislative protection may be necessary to prevent their oppression and to safeguard their health and well-being.

Management and Labor

IN a number of foreign countries, the encroachment of government in the field of business has led to the partial, and in some cases, complete liquidation of the rights and authority of management and labor. Such developments must, for the common welfare, be avoided in the United States.

We believe that management and labor should work together without recourse to the federal Government on those things of common concern which fairly conserve their respective interests, promote industrial peace and stimulate employment on which the prosperity of the country depends.

Agriculture

RECOGNIZING the importance of balance between supply and demand, we believe the welfare of American agriculture requires vigorous stimulation of demand at home and abroad for agricultural products, rather than the curtailment of supply. The prosperity of agriculture depends primarily on expanding industrial activities, and upon the enlargement of foreign markets. Government can accordingly best serve agriculture by the most generous encouragement of private initiative.

Such encouragement can take many forms directed both to production and to markets. Because of the preponderant importance to agriculture of enlarged and dependable markets, governmental regulation that goes beyond market abuses and causes thin markets with unstable and depressed prices should be removed. The disturbing experiences which arose from former processing taxes, with detriments to agricultural producers, should prevent any further attempt to levy such taxes. The Secretary of Commerce, in utilizing the special fund given to him by Congress to promote the sale of farm commodities and products, should devote his efforts primarily toward promoting sales by private enterprise, with special emphasis upon enlarged markets in other countries.

These principles apply forcibly to cotton, wheat, and other important agricultural products. The Government should not place its loan rate so high that it becomes a factor in turning foreign purchasers to other sources of supply. The downward trend of consumption of American cotton, particularly in foreign countries, concurrent with our increase of productive capacity calls for use of

all practical efforts to increase the *per capita* consumption of cotton in the United States, application of greater effort to increase the percentage of American cotton sold in foreign markets by thorough and continuous study of consumer requirements abroad accompanied by efforts of government to eliminate unreasonable quota restrictions and exchange controls, and widespread efforts on the part of growers to improve the varieties and the uniformity of seed cotton, in order that demand for the highest quality of cotton may be met and American cotton may continue to be recognized as the world standard.

Foreign Trade

IT SHOULD be the objective of government and business during the coming year to maintain and increase the volume of export trade which in the past year has taken up much slack in domestic business and employment.

Our Government should continue its activities for the stabilization of world currencies, for the amelioration of exchange restrictions, and for the protection of American investments in foreign countries. The traditional policy on the part of our Government in protecting the lives and rights of Americans in countries where they are jeopardized by war or internal disorder should be maintained.

The negotiation of reciprocal trade agreements, to the extent that they are concluded without causing destructive competition for American agriculture and industry, is a long step toward enlargement of American export trade and toward international acceptance of more reasonable commercial policies. In negotiating trade agreements, our Government should endeavor particularly to obtain for industries which have been unable to regain their lost export trade by reason of foreign preferential tariffs such treatment that they may have a fair opportunity to resume their position in exports.

Our Government's traditional policy of insisting upon equality of treatment with other nations in foreign countries should be maintained.

American trade with South America and trade with our territories and possessions should be resurveyed by the National Chamber in view of the possibilities of these areas for future export trade development.

Adequate funds should be made available for the government agencies charged with the protection of American overseas trade and with the gathering and dissemination of fuller statistical and other helpful information. Coordination of activities by government agencies having to do with overseas commerce should be continued and extended.

The cooperation between government and commercial organizations in the promotion of "National Foreign Trade Week," under the sponsorship of the Chamber of Commerce of the United States, has been effective in getting more widespread understanding of the relationship of foreign trade to national economic progress. Member organizations of the Chamber are urged to participate in these annual observances.

Federal Antitrust Laws

THIS Chamber has a long record of advocating legislation and enforcement of legislation to protect all business enterprise against unfair competition in all of its forms, in order that every enterprise may have its opportunity to succeed in accordance with the ability of its management and the value of the products and services it offers. It continues to advocate these propositions as fundamental principles, believes that those responsible for the representative business enterprises of the country subscribe without reservation to these principles, and condemns every expression that falsely represents existing conditions of competition as calculated to cause confusion and to obscure the true causes of decline in business activity and decrease in employment.

In order that the processes of recovery may be resumed, these causes of business repression should be removed, and in order that fair competition may be promoted, business men who daily must make decisions should have means of ascertaining clearly the courses

which, without being unethical or morally reprehensible, are contrary to a definite policy laid down in law, and have means for protecting themselves properly from the consequences of departures by others. The policing of competition in all of the fields of business is too vast a task for accomplishment without business men themselves carrying most of the burden.

Any new legislation should be clearly limited to businesses engaged in, or directly affecting competition in, interstate commerce.

Over and beyond statutes which prescribe rules of competition applicable in all industries, every industry should be permitted to formulate and put into effect in such industry additional rules of fair competition which receive the approval of governmental authority, having only powers of approval and veto, and with no powers of modification or imposition. Violations should be considered unfair methods of competition under the Federal Trade Commission Act and subject to action by the Commission in proper cases.

There should be such modification of the anti-trust laws as would make clear the legality of agreements increasing the possibilities of keeping production in proper relation to consumption, with protection of the public interest at all times through government supervision of such agreements. There should also be provision, when business considerations make clear the desirability of mergers and consolidations, for determination in advance of legality or illegality.

The circumstances of the natural resource industries warrant special treatment for them. A tribunal of officials of the federal Government familiar with these industries should be authorized to permit agreements in curtailment of production during continuance of a condition of overproduction found by the tribunal to be injurious to the public interest. Through decision of the Supreme Court in 1933, there is now opportunity for enterprises in natural resources, and in other industries, to join in marketing agencies through which they can take proper measures for self-help and common protection in solution of some of their problems.

There can be no subject more deserving of the deliberate attention of Congress. Congress itself should inform itself through adequate investigation and through public hearings of all those who can contribute pertinent information and matured suggestions. In this manner Congress can ascertain the true conditions and the real causes of maladjustments for which it should provide appropriate remedies. The obvious means for Congress to use to this end is a joint committee of the two Houses, composed of Senators and Congressmen prepared to devote themselves to highly important problems and their solution.

Monetary Policy

THE Chamber reiterates its belief that restoration of a satisfactory international monetary standard and

strict maintenance of the integrity of the currencies of the world are vital needs of the times. Without the one there cannot be adequate revival of international trade, and without the other there can be no dependable basis for the operations of domestic commerce and industry. Both are essential for economic recovery.

The promotion of conditions favorable to increase in trading activities, within this country and with other nations, will provide healthful recovery of values of all kinds and will promote sustained improvement.

Banking

THE dual system of banking, with the states as well as the federal Government exercising chartering

and supervisory powers, should be preserved. This system promotes the flow of credit into productive channels and affords checks and balances in matters essential to the well-being of the people.

In the federal field, competing lending agencies of the Government should be combined in the interest of economy and efficiency, and in the examination of banks subject to federal supervision there should be closer cooperation between the other agencies and the Federal Deposit Insurance Corporation.

Railroad Transportation

IMPROVEMENT in the situation of the railroads, which are among the largest employers of the country and the heaviest buyers of a great variety of supplies and equip-

ment, will aid recovery in important ways.

There should be no federal or state legislation, either at this critical period or at any other time, which, like recent train-length, full-crew, and six-hour-day proposals, would further interfere with the proper functions of management and impose serious additional financial burdens upon the railroads. On the other hand, the Government itself should at once give up preferences it enjoys at the expense of the railroads, such as reduced rates over land-grant railroads.

Steps should be taken promptly to work out a long-term program to place essential railroad transportation on a stable basis, and to this end it is urged that a congressional inquiry be made prior to the next Congress. Such an inquiry should preferably be undertaken by a joint body composed of members of committees of both houses dealing with rail transportation. The purpose should be to call for available information and special reports from the government agencies concerned, to hold hearings, and to formulate recommendations for consideration by the next Congress.

Merchant Marine

CONTINUING support should be given for a systematic rehabilitation of the American merchant marine.

Such changes should be made in our laws as will help to attract private capital to the shipping and shipbuilding industries. There should be assurance by the Government that subsidies paid for the maintenance of our merchant marine will be fair and consistent irrespective of changes at any time in the national administration; that American operators on essential trade routes will, as a matter of national policy, be placed on a parity with their foreign competitors; and that government supervision will not interfere with the flexibility of operation necessary to an industry such as shipping.

Experience with government-owned shipping in the past argues strongly against government ownership and government operation. It would appear a wise policy to continue on the basis of encouraging private construction and private operation.

As pointed out by the Commission, it is important that adequate provision be made for the settlement of maritime labor disputes on a basis fair to both employer and employee, and without interruption of services essential to the welfare of American territories and possessions, and other areas dependent upon merchant vessels. Provision should also be made for adequate training of merchant marine personnel, in order that American vessels may always be efficiently manned.

Land and Water Policy

IN ANY reckoning of the national resources of the nation, the water and the land hold foremost place. The United States should develop land policies based upon studied con-

siderations and suited to differing regional advantage. The beneficial use of water upon the land is a composite problem, for the solution of which the federal Government and the states, in any programs of useful public works, may wisely expend public funds upon carefully planned projects that will stand the test of economically sound investments or repayment arranged upon a business basis. Experience teaches that projects so devised not only benefit the section where they are located, but contribute as well to the wealth and welfare of the whole country.

Flood Control

FLOOD control projects should be prosecuted in accordance with the Flood Control Act of 1936, and with-

out delays and impediments contrary to the principles enacted in that legislation. Under the Act of 1936, states and their subdivisions are to provide the lands and rights-of-way for flood control structures. These costs are to be met by the benefited states or their political subdivisions, according to benefits, with agreements where two or

more states are concerned as to such benefits and contributions among the interested states.

Flood control structures, including dams, are to be maintained and operated by the interested state, or where there are two or more interested states, by compact agreement; and titles to these structures rest in the states.

The first of these compacts was speedily entered into by New England states, and has since been pending in Congress without final action in the form of consent. The legislation of 1936 in content and intention requires that this and all similar compacts should have prompt consent from Congress, that provision for flood control works may go forward before new flood disasters occur.

Other Subjects

A NUMBER of other subjects were before the Resolutions Committee.

Some of these subjects are obviously of such importance that the Committee recommends the annual meeting make declarations with respect to them and refer the declarations to the Board of Directors of the Chamber for further action. Other subjects, in the opinion of the Committee, should have study and investigation before the Chamber takes action; in recommending reference to the Board of subjects of this description, the Committee adds its suggestions.

The subjects and the recommendations are:

National Defense, with a declaration that international aggression, bitter conflict between nationally-championed political and economic theories, opposing territorial ambitions, and—their corollary—the inordinate growth of armaments, today threaten the peace of the world. Taking full cognizance of the obstacles thus created, the United States should continue to support the principle of international agreements for the settlement of disputes between nations by peaceful means and for the limitation of armaments.

In armament limitation agreements and in its defense policies in the absence of such agreements, the United States should be assured of naval, land, and air defenses adequate to protect our shores and our territories and possessions, and to safeguard our foreign commerce to an extent equal to that employed by any other power.

The Chamber hereby reaffirms the principles of national defense established in 1934 through referendum vote of its membership.

Governmental Debts Due The United States, with a declaration that if any foreign country having an existing debt agreement with the United States makes a reasonable proposal for modification which would promise definite settlement of the debt, our Government should give due consideration to such proposal in the interest of better international relations.

Science and National Progress, with a declaration that great possibilities for enduring expansion in the volume of business and employment lie in the practical application of the results of scientific research. It is essential, therefore, that no obstacles be placed in the way of the most intensive utilization of the results of scientific research. It is equally important that present deterrents to the investment of capital in projects for the development of new products and processes be quickly removed.

National Power Policy, with a declaration that the Chamber wishes to reaffirm its position that private capital properly regulated because devoted to a public service is capable of supplying in the generation and distribution of electric energy a progressive development in keeping with the growth of the country and public needs.

When electric energy is generated by public agencies in connection with public works for flood control, improvement of navigation, reclamation of arid lands, or similar purposes, power should be recognized as produced in a multi-purpose project, and a central regulatory agency, such as the Federal Power Commission, should be given a duty to arrange a cooperative procedure for transmission and distribution of such power that will prevent destructive competition with existing private enterprises and give due weight to the service that should accrue to the public by reason of regional advantage.

State and Local Taxation, with a declaration that state and local taxes, combined with federal levies, have increased until they equal one-fifth of the national income.

Notwithstanding this ominous ratio and the obvious decrease in capacity to bear the burden, there are proposals to add new and increased taxes affecting business, while at the same time the federal Government endeavors to maintain the recent high levels of its revenues.

State and local taxes which directly affect productive enterprise are peculiarly within the province of local business organizations. Constructive activity upon these tax questions should be a major part of their program.

We commend the several hundred member organizations which are actively working to foster economy and to reduce the tax burden in their states and communities. We urge organizations which do not have continuous programs of taxation actively to undertake to develop them. The National Chamber should assist these organizations in every appropriate manner in the conduct of this work.

Insurance, with a declaration that laws requiring special deposits of cash or securities by insurance and surety companies (other than general deposits in their home states), solely for the benefit of the people of those states, are inimical to the best interests of all policyholders and, if enacted in all or most of the states, would impose a burden impracticable for the companies to carry.

Motor Carrier Act, with a declaration that the Motor Carrier Act should be amended to make it more flexible and more promptly responsive to the special needs and characteristics of motor transport, with care that necessary enforcement measures afford adequate notice to parties concerned and do not impose undue hardship for unwillful or technical violations. The Interstate Commerce Commission should seek all ways of simplifying and expediting procedure under the law. It is imperative that the Commission be given sufficient funds to administer and enforce the Act.

City Passenger Transportation, with a declaration that efficient and coordinated city passenger transportation is vital to stability of property values and orderly development of urban communities. Such efficiency and coordination can best be attained through private operation under proper regulation, centralized as to each metropolitan area in a single body with jurisdiction over all types of carriers and authority to prevent unfair competition. To maintain the solvency of these carriers requires cooperation of business leaders, public officials and transportation managements. Rates should be sufficient to provide revenues to cover necessary expenses and taxes, and also to produce a fair return on the investment and attract new capital for needed improvements. Franchises should be indeterminate and flexible.

Replanning in Cities, with a declaration that cities of all sizes should undertake comprehensive studies and analyses of their physical status and trends. Areas that are deteriorating, with unfavorable health conditions for occupants and losses to property owners, may thus be ascertained and measures taken to reverse these trends. The maintenance of real property inventories for all structures will assist in carrying out these purposes, which may include replanning, rezoning, renovating, and even reconstruction of areas. We urge commercial organizations everywhere to continue and increase such activities for their cities.

Residential Building, with a declaration that the encouraging revival of private residential building in spite of adverse general business conditions again emphasizes the importance of trade association activities in the construction field combined with vigorous and aggressive action on the part of local chambers of commerce. The Chamber of Commerce of the United States should continue its activities promoting local interest in the recovery of residential construction. The Chamber should take the initiative in bringing together all of the important factors in the construction industry, in order that they may work together on matters of common interest. Such effort should be directed specifically to making available well constructed new homes through private enterprise to increasing numbers of American families.



Greater speed of the Comptometer, without sacrifice of accuracy, is simply a matter of one operation as opposed to two. Ordinary machines require that keys be pressed, then lever pulled by hand or motor-operated. With the Comptometer, the entire

operation of adding, subtracting, multiplying or dividing is completed by pressing the proper key or keys. Seconds saved by the elimination of the second operation quickly mount up to precious minutes, hours . . . and dollars.

COMPTOMETERS keep Eastman Kodak Co. figures "in focus"

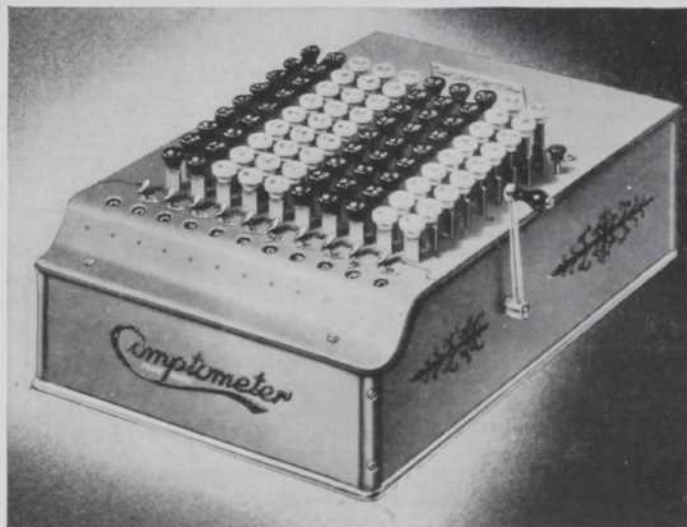


Every business is a picture in figures. Those figures should be as accurate and sharp-focused as an expert photographer's print. "Hazy" figures may well lead to "hazy" decisions—and "blurred" profits.

In the manufacturing plants and offices of the great Eastman Kodak Company, *more than 100 Comptometers* are used for handling such important figure work as production, costs and payroll, inventory control, general accounting and statistical work.

Tribute to Comptometer methods is the fact that Eastman Kodak Company has used Comptometers since 1908, found them accurate, efficient, and flexible enough to meet rapidly changing business conditions over three turbulent decades.

THE MODEL J COMPTOMETER



No thinking person can "laugh off" the fact that so many progressive businesses have adopted Comptometer methods. For a demonstration in your own office, on your own job (without obligation, of course), telephone your local Comptometer representative, or write direct to Felt & Tarrant Mfg. Co., 1712 North Paulina Street, Chicago, Illinois.

COMPTOMETER

Reg. U. S. Pat. Offr.

No Business Can Escape Change

Change knows no depression.

Business must keep alert or
recovery will pass it by

1 • A DOUBLE-HUNG steel window for residential building has tubular construction for strength. Weights and cords are replaced by spring balances and stainless steel tape. It is completely factory weather-stripped with spring bronze. The exterior is designed to permit flush installation of screens or storm windows.

2 • TENTS that are easily erected without poles have been made by using pneumatic rubber tubes at corners. The tubes, quickly inflated, provide satisfactory rigidity although guy lines are recommended in gales.

3 • A NEW metal cleaner removes rust and grease, can be used in vats hot or cold, or applied by brush or spray. It is available in several degrees of acidity to provide etching or no etching. Is easy to use.

4 • POLISHED aluminum letters and numerals with glass button reflectors make easy the assembly of signs for advertising or other uses. The reflectors are securely cemented in place. Letters are three-, four-, or five-inch size.

5 • FOR mixing lacquers and enamels there is a new hinged-lid mixing tank which provides an inert atmosphere for mixing, thereby preventing oxidation. It also prevents the leakage of explosive vapors. The tanks may be interconnected for use in paint circulating systems.

6 • A NEW oiling device, with a flexible delivery tube and a positive action piston valve, forces out the exact amount of oil required, one, two, or three drops at a time.

7 • A NEW posture chair has adjustments easily made by the user for height of back rest, depth of seat, and seat height. A steel slat spring construction is said to give it a permanently soft seat.

8 • A 16MM. sound projector using arc illumination is said to give sufficient light for the largest auditoriums. The high-intensity electric arc is formed by two carbons which are automatically held in the correct positions.

9 • A RADIO attachment to control volume from a distance makes it possible to reduce the volume temporarily to a whisper when the phone or door bell rings or for other purposes without leaving one's chair. It has a self-winding reel with push-button control at the end.

10 • A RUBBER clothes pin is of particular use in handling fine silks and stockings without damage to the fabrics, yet it has sufficient pressure to hold large blankets on the line.

11 • AN UNUSUAL laminating adhesive binds metals, plastics, canvas, glass, wood, fabrics and other materials to each other. Lacquered and painted surfaces may be joined. The adhesive is flexible and water-resistant.

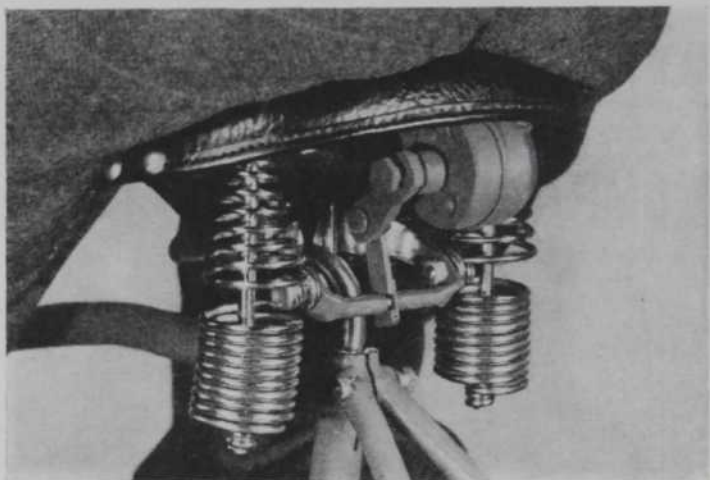
12 • A NOVEL lamp for inspecting barrels and drums resembles a flashlight, but has the lamp assembly separated from the battery case by a long, narrow shank which offers minimum interference to vision when the light is put inside the drum. The switch is automatic and fire and explosion proof.

13 • A NEW spray gun weighing only 23 ounces can be operated with either internal or external atomization. It works at low pressures, handles heavy paint or light, width of spray is variable from one inch to 36 inches.

14 • A PORTABLE pH indicator with laboratory accuracy electrically determines acidity or alkalinity from 0 to 13 pH with an accuracy to 0.02 pH. It is direct reading with glass, hydrogen, and quinhydrone electrodes.

15 • FOR painters there is now a pair of rubber hose permanently joined of which one tube is made of a special composition that is unharmed by turpentine, naphtha, benzene and other solvents used in paints and lacquers.

16 • SIMPLIFYING the construction of fireplaces, there is a new prefabricated steel unit which includes damper, smoke shelf and smoke chamber. The masonry work, when this unit is used, is a simplified job.



17 • A shock absorber for bicycles is now made to smooth out the action of the seat springs. It is a counterpart, in smaller size, of the double-acting hydraulic automobile shock absorber.

18 • AN ELECTRIC lamp, tubular in shape, is said to have negligible heat emission. It generates ultra-violet light which is changed into visible light by a fluorescent coating inside the tube.

19 • A SELF-CLEANING strainer has been devised for use where there is a large quantity of fine dirt, sand, etc., to be removed from water. It operates on pressures from 25 lbs. to 125 lbs. It is available for pipe sizes from four inches to 24".

20 • A SELF-CONTAINED air-conditioning unit of three-ton capacity is large enough for small retail and commercial applications. It provides cooling, dehumidification, filtering, and air circulation. It may be connected with ducts if desired.

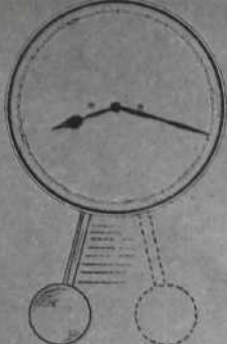
21 • PRESSURE lubrication without special fittings is made possible by a new tip on a lubricator. The tip is made of a special oil-resisting compressible composition and is so shaped it will make a leak-proof joint with all sizes of common oil holes.

22 • A NEW device for paint spray booths cleans paint fumes with a special set of self-cleaning precipitator plates and a water curtain. It has no nozzles to clog or wear out, is efficient and economical.

23 • HALFTONES are now made at low cost on a special film instead of copper or zinc but treated with a metallic composition to make a strong surface. They are made type high and make ready is easy. They may be made on any screen from 65 to 200 and used with any color ink.

—WILLARD L. HAMMER

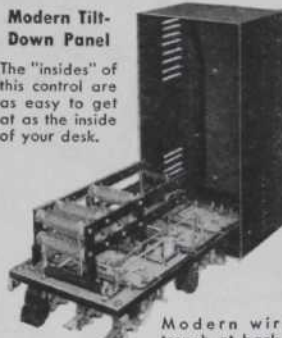
EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.



Like Clockwork in its
Unvarying Response

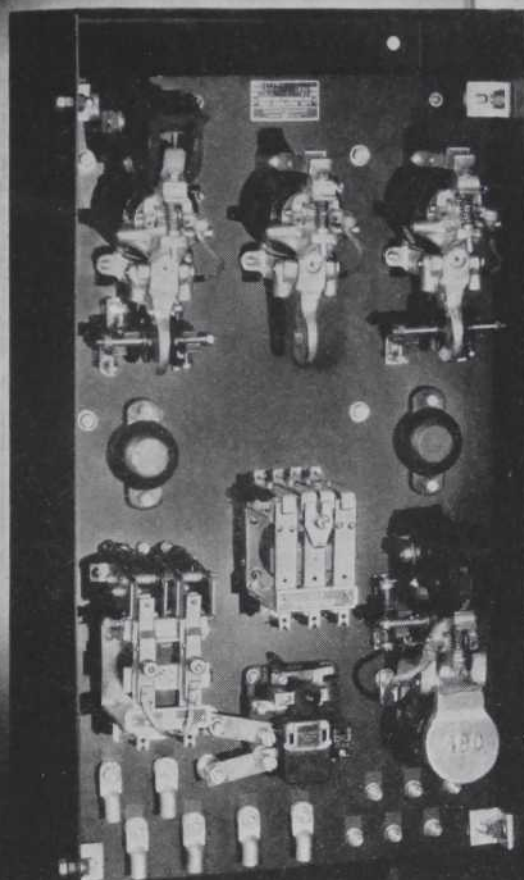
Modern Tilt-Down Panel

The "insides" of this control are as easy to get at as the inside of your desk.

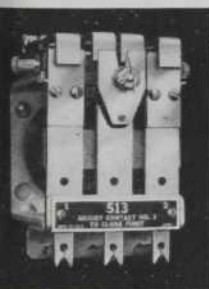


Modern wiring trough at back, for safety and new convenience in wiring.

DEFINITE TIME ACCELERATION



The New Cutler-Hammer D.C. Automatic Control



Definite Time Acceleration

The heart of this new C-H Control—clocklike precision of accelerating response.

Technical Highlights of this Advanced Control

Simple, positive, precise definite time acceleration unaffected by load, temperature or any other working condition.

Separate time adjustment for each accelerating step in armature and field.

No small moving parts. No dirt, dust, temperature varia-

tions cannot affect time setting.

4. Acceleration handled by magnetic contactors.

5. Wide interchangeability of parts on all types—coils, contacts, etc.

6. New compact size.



Modern—inside and out

View showing "air-styled" case, as modern in appearance as this new control is in operation.

7. For all machine tools; for special service heavy duty below 10 h.p., 230 V.; for all general duty above 10 h.p., 230 V.

8. For constant speed motors, No. 6130 reversing and non-reversing with or without dynamic braking. For adjustable speed motors, No. 6230 reversing and non-reversing with or without dynamic braking.

9. In 6 front sizes from 1 to 150 h.p., 550 Volts.

ALL loads accelerate alike . . . when machine tools and other motorized machines are equipped with the New Cutler-Hammer D.C. Automatic Control. Regardless of varying loads, temperature or other conditions, its acceleration is definite, unvarying, always the same.

Operators quickly get the swing of its unvarying response and their production pace rises to levels not reached by other means. And this new control offers new accessibility and convenience for wiring and inspection . . . and a host of other big advantages. Write or wire the nearest Cutler-Hammer

office for full details given on C-H Bulletins 6130 and 6230. CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1251 St. Paul Ave., Milwaukee, Wisconsin.



THE SUCCESS OF A COMPANY CAN ONLY REFLECT THE SUCCESS OF ITS PRODUCTS

Has Education Let Business Down?

By MARK M. JONES

A BUSINESS man appraises the professor's job in providing the sort of education needed to meet modern problems and finds the schools have not provided it to his satisfaction

IS THERE an educator who seriously believes that, within the structural framework of our democracy, any important departure from our present social and economic ideology can take place abruptly unless the mass level of general education has been raised sufficiently to meet its implications? Does anyone believe this level is high enough today to withstand the shock of such an impact on our social and economic institutions—either within or without the framework of democracy—without the most serious dislocation and disorder?

I do not mean to discount too much the value of good intentions in the striving of our idealists. Certainly this country needs change in many directions. It always has and unquestionably always will. But my experience shows that these artificial changes often do not jibe with elementary arithmetic. No matter how valuable an innovation may be in the ends it seeks, if it cannot provide its own economic justification in a practical world it is at variance with a workable economy. Seldom are these idealistic schemes new, but they are hopefully advanced, even though all history fails to disclose a single successful application.

When the world was in the grip of

a feudal system, when the vast majority of a population was unable to read, when there was no press, no radio, or other medium for the swift transference of thought and hence the rapid crystallization of public opinion, then it could be truly said that a wise ruler, an enlightened government, was the most needful essential to the progress of civilization.

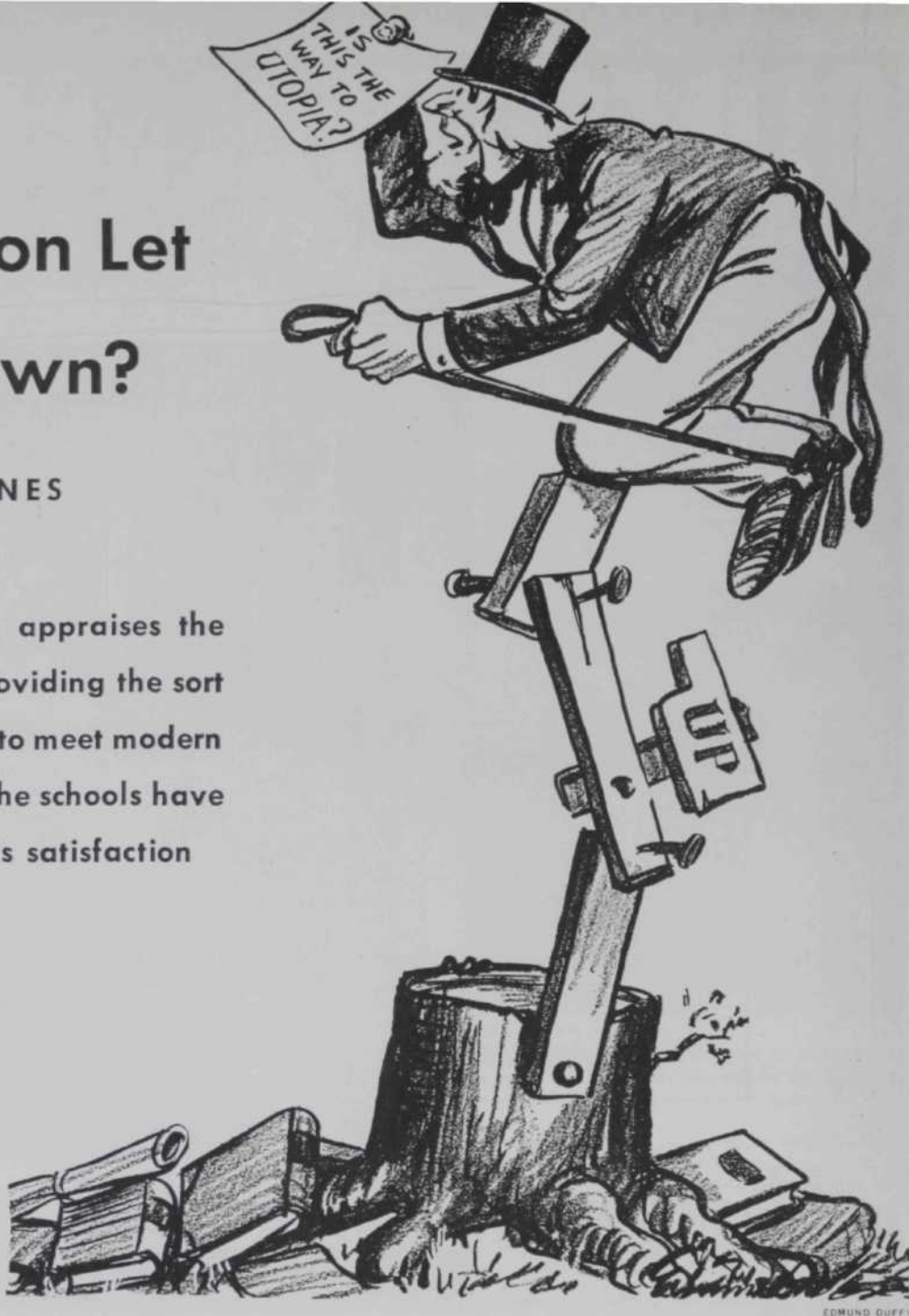
Reform must come from education

NOT so today. This country knows that, unless the mass level of public opinion be lifted to an intelligent understanding of the type of legislation which seeks to accomplish what ought to be done by education, such legisla-

tion when enacted is likely to be ignored—and that has a deadly and cumulative effect in detracting from compliance with other and previously unquestioned rules of social conduct.

It is not enough simply to have public accord with the so-called social legislation; its effects as well as its purposes must be understood. Here is the danger of experimenting with forces which affect closely the habits of a people. Legislation is proposed for that which only education can accomplish.

All social reformers are too impatient. Lester F. Ward, an American sociologist who sympathized with the aims of idealists but who saw



We find this country seething with a hodge-podge of schemes and plans designed to lift us to Utopia by our bootstraps

OLD FAITHFUL BOILS OVER

*—but it's far hotter
inside most truck tires*

That's why tires fail . . . that's why Goodrich built a new tire that does **NOT** get dangerously hot

That world-famous geyser, Yellowstone's Old Faithful, goes on a rampage once an hour. Spouts tons of water into the air. Water steaming hot! But it's cool compared to the temperatures generated inside most truck tires!

Groaning under heavy loads and high speeds, tires get sizzling hot—reach temperatures 70-80-90 degrees above the boiling point of water! Engineers will tell you that the danger line is about 240 degrees. Higher sustained temperatures make tires "grow", cause blow-outs, premature failures.

NEW TIRE RUNS COOLER

Avoid the risks of heat-speed-load blow-outs. Get the new Goodrich Triple Protected Silvertown. This amazing new tire is scientifically designed to run COOLER, SAFER, and therefore LONGER.

How much safer and longer? To find out, Goodrich punished this new Silvertown on the worst "tire-killer" hauls in the land. And in every test it lasted two and even three times longer than the best tires used before.

USE NEW KIND OF CORD

Such performance is made possible by a revolutionary new type of cord produced in Goodrich-owned mills. This cord, Hi-Flex, is more compact, stronger, more elastic. It is floated, friction-free, in a thick bed of insulating rubber. Hi-Flex Cord can take the hammering of the highway without losing its strength and elasticity. It doesn't lose its "life", its "spring". That's why the tire does not "grow" and become "flabby".

Because Hi-Flex provides strength without bulk the whole tire is more compact. It runs COOLER.

EXCLUSIVE WITH GOODRICH

Only Goodrich offers you Hi-Flex Cord, and only Goodrich offers you this money-saving combination:

- 1** PLYFLEX—a tough outer ply which distributes stresses throughout the tire and prevents local weakness.
- 2** PLY-LOCK—a new method of locking the plies about the beads, anchoring them in place.
- 3** HI-FLEX CORD—full-floated in live rubber—cord that retains its strength and protects the tire against getting dangerously hot.

No wonder we can say that sidewall breaks are practically eliminated with Goodrich Silvertowns!

NO EXTRA COST

Put these tires on your trucks and you don't have to worry about peak loads and high speeds. You can handle any haul safer and cheaper. And remember—you will get premium tire mileage without paying a premium price.

Phone a Goodrich Dealer or Goodrich Silvertown Store for prices.



© Haynes

Goodrich *Triple Protected* Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

farther than most of them along the road to their achievement, summed it up this way:

The whole difficulty with the discussion of social questions has always been this haste to deal with the end, this impatience with everything that relates to the means. That is why so little progress has been made with the questions. The fact is that the end can only be attained through means. All attempts to reach the end directly are destined to fail. . . . The equalization of opportunity means the equalization of intelligence, and not until this is attained is there any virtue or any hope in schemes for the equalization of the material resources of society.

What do we find in a nation that has the highest standard of living and the greatest, most far-flung system of education the world has yet produced? Do we not find it fairly seething with a veritable hodge-podge of schemes and plans designed to lift us to Utopia by our very bootstraps? How can a great people function properly in such an atmosphere? Can long-range planning for the vitally needed expenditures of millions by competent, alert, intelligent private enterprise be carried out when the air is full of questioning of the very principle which produced this capital?

It is almost hopeless for practical leaders of business to compete for

public attention and approval with the strongly entrenched political position of today's visionaries.

Because some of the ideas of these visionaries contain a germ of truth they become, in periods of emergency or distress, all the more dangerous. There is discernible today a strange and explosive undercurrent of expectancy. The useless generality that man knows how to produce more than he can consume is the cause of many curious oversimplifications and credulous short cuts.

A situation for demagogues

SUCH a state of mind clearly is fraught with the gravest consequences to any social order, but particularly to a democracy which subscribes to the principle of universal suffrage. It fairly cries aloud for demagogues to take advantage of it. And they have responded literally in droves. Panaceas of every description designed to cure every conceivable economic ill have flooded the country. They range from frankly ruthless advocacy of complete destruction of our entire capitalistic system to measured plausibility and a meticulously planned economy by the less extreme but more subtle left wing. All have their inevitable corollaries such as

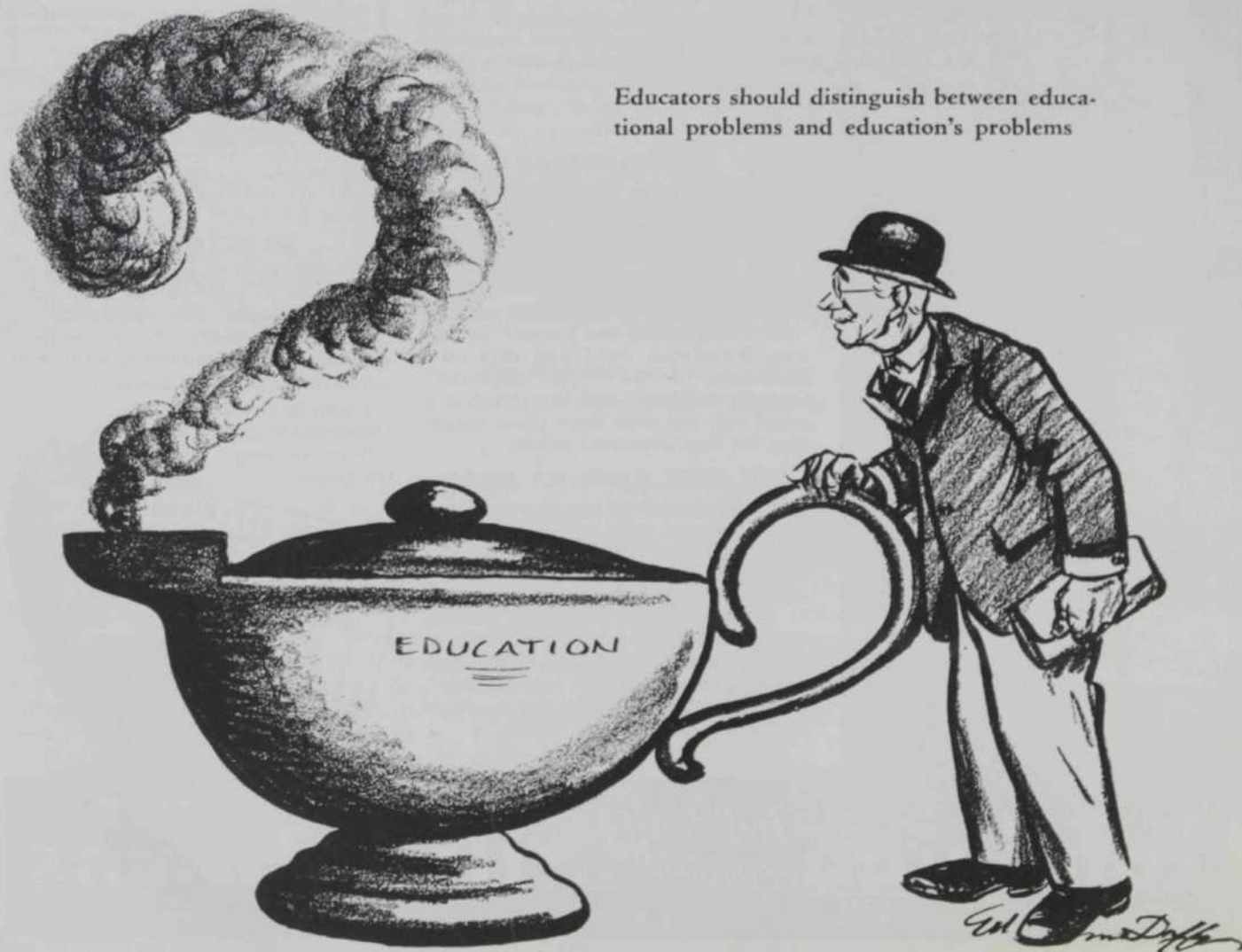
fixed standards of living, class distinction and consequent regimentation.

All avow that their object is to alleviate human suffering and injustice. All seek to persuade the franchise holder that the quick, infallible way to life-as-it-ought-to-be is through the door of the National Treasury, with his vote as the key.

Why is it that the alert, intelligent, thoughtful educators of this country, intimately familiar with all the lessons of history, have not risen up as a unit to shout from the house tops the folly and danger in the trend of these proposals? Do we hear them? Except for a few lone voices crying in this wilderness of conflicting principles, it would seem that, in the main, our educators have taken sabbatical leave at the very period when the steadying influence of their knowledge and their familiarity with the ancient fallacies of history are most needed.

If anyone knows the history of government through the ages, surely it is the educator. But how many of the educators' spokesmen have reminded the nation that education is the only dependable force upon which a people can rely for the orderly operation of great social reform? Is it

(Continued on page 116)





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Washington and Your Business

By HERBERT COREY

Watches Nickels To Save Dollars

VIC DONAHEY, eight years auditor and six years governor of Ohio, who carried every congressional district in the state when he was elected to the U. S. Senate in 1934, was made chairman of the Senate committee to investigate the T.V.A. Vice President Garner named him. Garner was recently quoted as saying:

"This reckless spending by the Government has got to stop."

He did not deny it. Donahey as state auditor insisted that a state official might have a legal right to spend money but if he spent nickels that might have been saved he could not be trusted with dollars.

Little Patience With Folderols

DONAHEY once opposed an increased appropriation for schools in Ohio:

"They're teaching too many folderols. Tattling, tap-dancing, painting and horseback riding. I always thought a school is where you go to learn words and how to use them."

Arthur E. Morgan fought off politicians when he was building the great Miami conservancy works, with the active assistance of Donahey, who was then governor. No doubt Donahey knows a good deal about the troubles Morgan had before he was dropped as T.V.A. chairman.

Who Will Pay These Bills?

ALASKAN representatives are worried about the C.I.O. and A.F. of L. fight over the salmon fisheries:

"If the scrap is not ended there will be no salmon on the housewife's table next year. The shipowners will be busted, the men will be on relief, Alaska will lose most of its revenue."

They plan a big "See Alaska" campaign this year. A little peevish because tourists have been trotting off to France instead of to the Best Show on Earth.

Speaking About Labor's Party

THE minor prophets expect to see a good deal about John L. Lewis for President in the newspapers for the next year or so. It's good circulation building stuff. Men who might hang

back from the C.I.O. in its fight with the A.F. of L. might be expected to warm up a bit at the thought that their big man would sit in the Pink Room and give audience. The prophets say, however, that Mr. Lewis no more expects to be nominated for President than to get honorable mention for the Dalai Lamaship. They refuse to believe that he plans a Labor Party, also. What he wants is an organization of voters with which to be-spank the two major parties. They think he is getting it, too.

Puzzle in the Soc. Sec. Halls

THE head of a small business organization called on the chief of an important section of the Social Security Administration.

"I am puzzled by the law," he said. "I want to obey it, but I do not know what I should do in this case, and this case and that."

"Neither do I know what you should do," replied the weary administrator. "Nor does any one else. This law

was written by theorists, planted in the dark of the moon, and excites emotional outbursts by the men who try to interpret it. You'll have to wait for the courts to decide."

Where is Dr. Townsend Now?

THAT does not click with the opinion of President Roosevelt, who in a letter to A. J. Altmeyer, chairman of the Social Security Board complimented the "successful operation" of the law and suggested that the Board

Give consideration to the feasibility of extending its coverage, commencing the payment of old-age annuities at an earlier date than January, 1942, paying larger benefits, providing benefits for aged wives and widows, and for the young children of insured persons dying before reaching retirement age.

The official said that, if the Board can get the money, this idea would be swell.

Burn Down the Courthouses!

A PRACTICAL recipe for "extending the coverage" of the Social Security Act was brought back from Colorado by William E. Barrett, author of the good-seller "Woman on Horseback." In Colorado the old age pension is \$45 a month for citizens:

Courthouses in two counties were burned down some time ago and all the records burned with them. So Mexicans are moving into Colorado, swearing they were born in the two counties, and stepping right into the refined affluence that \$45 a month means for a Mexican.

Barrett fears, however, that if this keeps up all the dues-paying white folks will move out.

More Ways of Skinning Cats

SITTING in Committee of the Whole, the House struck out a provision of the appropriation bill for the Department of the Interior, which authorized Secretary Ickes to use certain monies for the upkeep of a bureau of investigation. The Senate put it back. Representative Bacon said:

This results in the addition of another very important bureau that has never been discussed by any legislative committee of the House nor passed on by either body.

Even this pretty gesture will not soothe Mr. Ickes. He is still burning over the trouble the Senate made in the promotion of Ebert K. Burlew to First Assistant.

Burlew Knows His Business

THE moderately funny part is that Burlew was ticketed to be the first man out when Ickes was appointed. No particular reason. But Ickes knew nothing whatever about Interior—having come to Washington to ask for another and rather minor job—and Burlew knew it all. He is a living evidence that merit can be recognized in the government service, and sometimes is.

Has Wallace a Secret Service?

CONGRESSMAN Andresen of the First Minnesota district has this department scratching its head. He charged that "The Department of Agriculture despatched several secret service operatives to attend the Macomb, Ill., mass

The extraordinary success story of an ordinary man



Never a big-money earner, this man averaged \$3900 a year during his working life. Yet today, aged 65, he's known as a success. For one thing, he will receive a \$100 check every month as long as he lives. For years he and his wife have had the inspiring knowledge that their future would be secure—because, as a younger man, he discovered this Extraordinary Life Plan.

DON'T you dream of retiring at age 65 or earlier? And to win that security from ordinary earnings—isn't that an extraordinary success? It can be done through this EXTRAORDINARY Life Plan.

At any age you choose, you can take the cash value you've accumulated through this Plan and

- receive an annuity income check every month as long as you live, or
- leave it invested and receive the interest, or
- receive a lump sum payment in cash

Independence and old age security can be yours by this safe and practical method.

Security, Too, for Your Family

And, in addition, those same savings can safeguard your family's future security. Should death stop your earnings, your widow would need immediate cash—then a regular, life-long income—with added payments while the children are growing up, a reserve for emergencies, and perhaps a college education fund for the children.

The economical way to provide for both your own old-age security and these family needs, is through the Northwestern Mutual's remarkable Ordinary Life policy. When arranged to meet your individual needs, this policy becomes, indeed, your own EXTRAORDINARY Life Plan of true security.

A Plan Drawn Especially for You

To get the most out of this Plan, and to be sure it accomplishes just what you want, it should be carefully fitted to your individual requirements by a conscientious, well-informed life underwriter.

It will be well worth your while to have a Northwestern Mutual underwriter show you how this EXTRAORDINARY Life Plan works out in a typical case. Such a sample "picture" has been prepared, containing helpful, additional information. It is an interesting blueprint, and can be readily used in checking present financial plans.

Send for it now. Mail the coupon today.



THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY
MILWAUKEE, WISCONSIN

Pay **SECURITY INCOME** dollars

...to myself if I live, or
...to my family when I die

The Northwestern Mutual
EXTRAORDINARY Life Plan

THE NORTHWESTERN MUTUAL LIFE INS. CO.
720 E. Wisconsin Ave., Milwaukee, Wisconsin
With no obligation to me, send the blueprint picture of the typical EXTRAORDINARY Life Plan case described in this advertisement.

Name

Address

City State

NB 6-38

meeting held by farmers from six states in the control area to protest against what they claim are ruinous regulations by the Agricultural Department."

The Department of Justice has its F. B. I., counterfeiting and president-guarding are attended to by the Secret Service, Interior has its Ogpu and Post Office its inspectors, but Secretary Wallace has no authority over any of them. If Mr. Andresen has uncovered a "secret service" in Agriculture he's done something.

"One if by Land Two if by Sea"

MR. ANDRESEN is hanging lanterns in the belfry of the Old North Church. He finds there are 566 counties in the corn control area selected by Secretary Wallace, in which 1,058,529 farmers raise corn. But 3,665,577 farmers live outside the control area, and can raise all the corn they wish. "Hundreds of thousands of farmers in the South are planting millions of additional acres of corn on the 17,000,000 acres they were forced to take out of cotton."

What's the Idea Behind it all?

LOOKS as though a lot of corn is just around the corner. Now the suggestion has been made that the S. E. C. give the insurance companies a going over. But there has never been any hint, anywhere, that they are not as sound as corn used to be in the bin. They are subjected to rigid annual examination in every state in the union and the laws governing the investment of their funds contain practically nothing but teeth. An insurance man who made an unsound investment would be shot at from every angle. Conditions being what they notoriously have been, the cash on hand of the insurance companies has increased from \$117,000,000 in 1929 to \$625,000,000 today. It is doubtful if a S. E. C. investigation would shake any of those millions loose, until something that looks like safety is discovered on the horizon.

Or is it a Prod for Left Wing?

IT MIGHT be, of course, that the real meaning of that suggestion is that the leftwingers in the S. E. C. are being prodded. People do not like to see their insurance coverage messed about by amateur investigators and the political backfiring following such an attempt might be heavy. Not many know or care about the S. E. C. But those on the very farthest left feel that the S. E. C. has been terribly calm in its dealings with business. The hint that it might be called on to stir up the insurance companies might be designed to rouse the S. E. C. into action in other quarters.

Just a Dirty Little Rumor?

THE three men on the S. E. C. who were supposed to carry the torch for all business are Chairman W. O. Douglas, Jerome N. Frank and Robert E. Healy. Left-wing extremists prepared to sit at the foot of the guillotine to count the business heads as they dropped. But the three—a conservative put it—were fair and friendly.

"We will do our best to cooperate," they told business. "And not make a hymn about it."

The rumor is that a heavy complaint was filed with James Roosevelt against this S. E. C. attitude. The horrible part of the rumor is that young Mr. Roosevelt is said to have told the complainants to go sit on tacks.

96 Pages Filled With Headaches

MISS Mary Ross—background, the old New York World, Red Cross statistician in France, Survey Graphic in New York—is the editor of the recently established Social Security Bulletin. The current issue contains 96 pages

and the plan is to afford information to its readers upon

Current receipts and expenditures under all titles of the Soc. Sec. Act, total costs of public aid in the United States, including public assistance under the Soc. Sec. Act, earnings under the Works Program, general relief, and other forms of aid provided to persons in need from federal, state and local funds; the estimated number of households receiving one or more of these types of aid during the month; contributions received and benefits paid under state unemployment compensation laws; payments under the federal old-age insurance program—

The prospectus does not mention any relief to the taxpayer.

Sound Sense From R.F.C.

JESSE H. JONES is, perhaps, the most important banker in the world. The R. F. C. has, "aside from advances to governmental agencies by direction of Congress," authorized \$9,404,000,000 in loans and investments. Of this, \$6,900,000,000 was actually disbursed and more than 71 per cent repaid. More than 3,000,000 loans were made on farm products, at an average of less than \$500. Most of the industrial and banking loans have been comparatively small. Here is what Mr. Jones has to say on the subject of borrowing:

Prudent borrowing is just as essential as prudent lending. It does no good to lend a man or a business money which will be lost. It merely postpones the inevitable readjustment.

Cold Breath From England

THE Supreme Court's criticism of the quality of federal administrative hearings,

They must accredit themselves by acting in accordance with the cherished judicial tradition embodying the basic concepts of fair play:

Seems to have aided the prospect of passage for the American Bar Association's bill creating a court for the hearing of purely administrative questions. In the hearings before Senator Logan's committee evidence from England was introduced. Administrative courts in the tight little island, it seems, also suffer from the defects of

Lack of publicity, poor quality of investigation, anonymity, failure to give reasons for decisions, refusal of oral hearings.

It's on Pretty Good Authority

THE reorganization bill was beaten primarily because of congressional objection to the plan to make the comptroller-general null, void and a neuter, and thereby take away from Congress its control over the expenditure of money.

Most of the rest of the bill was not objected to. It would have permitted a shifting around of bureaus and functions with a consequent gain in efficiency.

Now the report is that the rest of the bill will be forgotten, but that the next congress will be asked to drown the C. G. in a bucket. It just doesn't parse, somehow.

Pieces Missing In the Puzzle?

AT the moment of writing the story persists that the two billion dollar stabilization fund has been broken into. This is a hush-hush honey-pot which underwrites exchange operations with France and England, and is protected against nosy reporters by vows and orders in Treasury. Little has been said because little is known. And still the story persists.

Free Slum Rent In Perpetuity?

ON Capitol Hill the United States Housing Administration plan is broken down in this way:

Half a billion dollars of federal money will be put into slum housing on a 60 year amortization plan, provided that \$50,000,000 of private

it's new



.. and REALLY AUTOMATIC

A NEW INTERNATIONAL TIME RECORDER

"EASY FOR ME TOO!"

"Nothing to do but insert my card. No levers or anything else to punch. Makes it easy to be my own timekeeper!"



NOW ON DISPLAY AT YOUR
NEAREST INTERNATIONAL
OFFICE . . . COME IN AND
SEE IT TODAY

INTERNATIONAL BUSINESS



MACHINES CORPORATION

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Branch Offices IN PRINCIPAL CITIES OF THE WORLD

money is added. An annual upkeep sum of \$26,000,000 is granted for the period. Under the terms of the Act as much of this \$26,000,000 as is needed may be applied to the needs of the amortization. The tenants are only required to pay "the amount needed to pay all management, operation and maintenance costs, plus such additional amounts as are necessary to maintain the low rent character of such projects."

The tenants will in fact get their quarters on rental fees which balance taxes, water, and repairs; with no charge whatever against the investment.

Before We Went All Sugary

IN the cosy days before the world war the United States sold two battleships to Greece. Made a profit on them, too, this being before we went all soft at the thought of some poor little nation who had no battleships to play with. Louis Edgar Browne, a reporter on the *Chicago News*, sailed the two tin tubs over to Greece. Later he marched with the Serbian army in their tragic winter retreat through Albanian mountains. Now he is secretary of the Russian-American Chamber of Commerce.

"Last year," he said, "Russian orders kept 50,000 men at work in American heavy industry. Russia may buy more this year."

Made His Brain Save His Feet

THE hair in the camel's hair brushes which artists use comes from a tender little tuft found inside a steer's ear. Little tricks of that sort have kept the packing industry reasonably prosperous without the aid of monopolistic devices. Last year Swifts made \$4,000,000 profit on 16,000,000 animals killed. President John Holmes is responsible for some of the little tricks. He began as a messenger boy, but his feet hurt so much after stomping around the stockyards all day that he turned to thinking.

Lord, How That Baby Does Grow

THOSE interested in the "cooperation" with business the federal Government desires are invited to read these quotations from *Steel Facts*, which is published by the American Iron and Steel Institute:

Tax payments in 1937 were 60 per cent higher than in 1936 by the same group of companies;

They were equivalent to \$330 for each of the 513,000 employees;

The share going to the states and municipalities has decreased from 62 per cent of the total in 1929 to 52 per cent in 1937.

Reform is Still on the Cards

The first draft of the latest "fireside chat" contained a phrase that might have been interpreted as a promise that the effort to gain further reforms is at an end and that the Administration will henceforth devote itself to recovery. It did not appear in the final draft.

Figures are Now Getting Vocal

WHEN prosperity returns the country will need more electric power. The Administration has often given this as one reason for its hydroelectric activities. The utility companies have promised to spend anywhere from a billion dollars up in the first year of an assured peace. Not even the New Deal economists deny that private spending is more effective than public spending in promoting prosperity. But in the first quarter of 1938 utility issues registered with the S. E. C. amounted to \$107,012,500, as against \$365,459,608 in 1937 and \$360,667,955 in 1936.

Why Shouldn't He Get It?

CHAIRMAN Leo T. Crowley of the F.D.I.C. has asked Congress to give him the authority to buy assets and make secured loans in conjunction with merger operations of banks after the end of the present year, at which time his present power expires. Some of the 16,000 banks now cooperating with F.D.I.C. must disappear in the natural course of events and all that is asked is that the Corporation be continued in its ability to handle developments sanely.

But the Owl Still Suffered

UP in Wisconsin the other day an owl thoughtlessly got mixed up with some live wires. Witnesses report that he was completely defeathered and terribly puzzled. They say he sat on a stump and gazed at that wire for hours. Not that the owl has anything to do with it, but the Treasury admits that a conference may be called sometime this summer of federal and state tax authorities to straighten out the present conflict in tax jurisdictions. The federal and state and local authorities sometimes go simultaneously for the same pocketbook and sometimes two states or two local units try to burn the feathers off the same owl. That conference should be interesting.

Laughter from Over the Sea

COMMISSIONERS Eastman, McManamy and Mahaffie of the I. C. C. in criticising the refusal of the Commission to grant the railroads an increase in passenger rates asked for said in effect that the I. C. C. was trying to manage the roads instead of sticking closely to its own knitting. This recalls the testimony of Harold J. Laski, the English economist, before a senate committee. He said there is a railroad rate commission in England. It sits about three months in the year. In 40 years there have not been more than five appeals from its decisions.

Carson Picked His Own Spot

WHEN John Carson was a correspondent in Washington—and later when, as secretary, he furnished the late Senator Couzens of Michigan with some of his more irritating ideas in dealing with the Government—he used to rage about the free-hand spending of most officials. Carson is blue-eyed, red-headed, Irish, and rages easily.

"I might throw away my own money" says me bold John, "but I'm damned if I'd throw away the Government's money."

As Consumer's Counsel, his duties being to keep cases on the Coal Commissioner, Carson has saved \$50,000 out of his annual appropriation of \$300,000. But what does he think other holders of government jobs think of him? Doesn't he see that he has put himself on a spot?

Are We Moving Toward Light?

TWO rather unusual—Unusual? They're cataclysmic—events took place in Washington recently. The S. E. C. after consideration decided to consider on its merits a motion for a bill of particulars containing 23 pages and requesting approximately 100 categories of particulars. But—

"In the future similarly prolix motions" . . . will be denied. The S. E. C. does not care to have its time wasted. At almost the same time the Chrysler Corporation asked a declaratory judgment on its contracts with dealers for the financing of sales. The Corporation effort "to protect the public against excessive finance charges has been challenged by the Government" under the Sherman Act. This is the first time the Declaratory Judgment Act has been used against the Government in an antitrust case and seems to the lay mind to be a sensible method.

What The Railroads Want



IN the interest of straight-thinking, the American railroads have prepared a concise and clear-cut program for a public transportation policy, which anyone can read in less than fifteen minutes.

It is contained in a pocket-sized booklet prepared for the information of the public (mailed on request). We present here the major points:

[1] Equality of Treatment in Matter of Subsidies

The railroads do not advocate a subsidy for themselves—but if subsidies to other forms of transportation are continued, no sound reason exists for withholding similar treatment of the railroads.

[2] No More Restrictive and Expensive Legislation

The increasing tendency, both in Congress and in State Legislatures, to harass and weaken the railroads by passing laws which increase expenses with no corresponding public benefit should be stopped.

[3] Necessary Reductions in Operating Expense

The immediate situation of the railroad industry is more critical than it was in 1932. Traffic is less, rates are lower, wages, taxes and prices are higher. Costs within the control of the railroads have been cut to the bone and now they have been compelled to announce their intention of making a reduction in wages, which, however, will leave the average rate of pay higher than it was in 1932.

[4] Revision of Rate-Making Practices

The railroads ask the authority to price their product to meet competition—a privilege exercised by other forms of business. They ask passage of the Pettengill Bill to amend the long-and-short-haul restriction on railroads, which applies to no other form of transportation. They ask revision by Congress of the present rule of rate-making, which has been construed by the Interstate Commerce Commission as authorizing it to substitute its judgment for that of the railroads in determining the effect of proposed rates on revenue.

The power of the Interstate Commerce Commission over such intrastate rates as affect interstate commerce should be enlarged.

[5] Loans to Railroads

Broader authority for the Reconstruction Finance Corporation to make loans to railroads

upon the prospect of future earnings would be an aid to recovery and increased employment.

[6] Repeal of Land Grant Statutes

The railroads today are contributing more than \$7,000,000 a year to the Government in reduced rates on Government traffic, in return for land "granted" more than half a century ago. Congress is now considering repeal of the statute requiring these reduced rates.

[7] Federal Barge Line

The railroads believe that Congress, by appropriate legislation, should discontinue operation of the Federal Barge Line. This was the clear intent of Congress at the time the Barge Line Act was passed.

[8] Regulation of Water Transportation

It is suggested that Congress enact the Wheeler-Ramspeck Bill, providing for the regulation of water carriers by the Interstate Commerce Commission, as it now regulates the railroads and public highway carriers.

[9] Consolidations and Coordinations

Many of the large railroad systems today are the result of consolidations. Coordination of rail services and facilities is in effect to a large extent. Sound business policy requires that these processes be continued by negotiation rather than by some prescribed national plan.

[10] Labor Legislation

The Railway Labor Act should be amended to improve present procedure in cases involving contracts between the railroads and their employees, and to give the railroads, as well as employees, the right to seek court review of awards and orders.

[11] Taxation

The railroads should be exempted from the undistributed profits tax and from additional State taxes of the sort which are a burden on interstate commerce.

[12] Tolls for Commercial Use of Inland Waterways

These tolls for commercial use of inland navigable waters, other than harbors and the Great Lakes, should be based on a fair return to the Government for money spent for improvement and maintenance.

[13] Grade Separations and Bridges

The separation of grade crossings is of much greater interest to highway travelers than to the railroads. The improvement of navigable streams for the use of water-borne traffic or for flood control, from which the railroads derive no benefit, often involves heavy expense to them for the rebuilding and maintenance of tracks and bridges. Existing laws should be amended to provide that all such costs should be met by the public.

[14] Right to Operate on Highways and Waterways

Subject to approval by the Interstate Commerce Commission, the railroads should have the same rights as other citizens to engage in the operation of motor vehicles on the highways and vessels on inland waterways.

When you look at this list, you can summarize the basic difficulty of the railroads in as simple a statement as this:

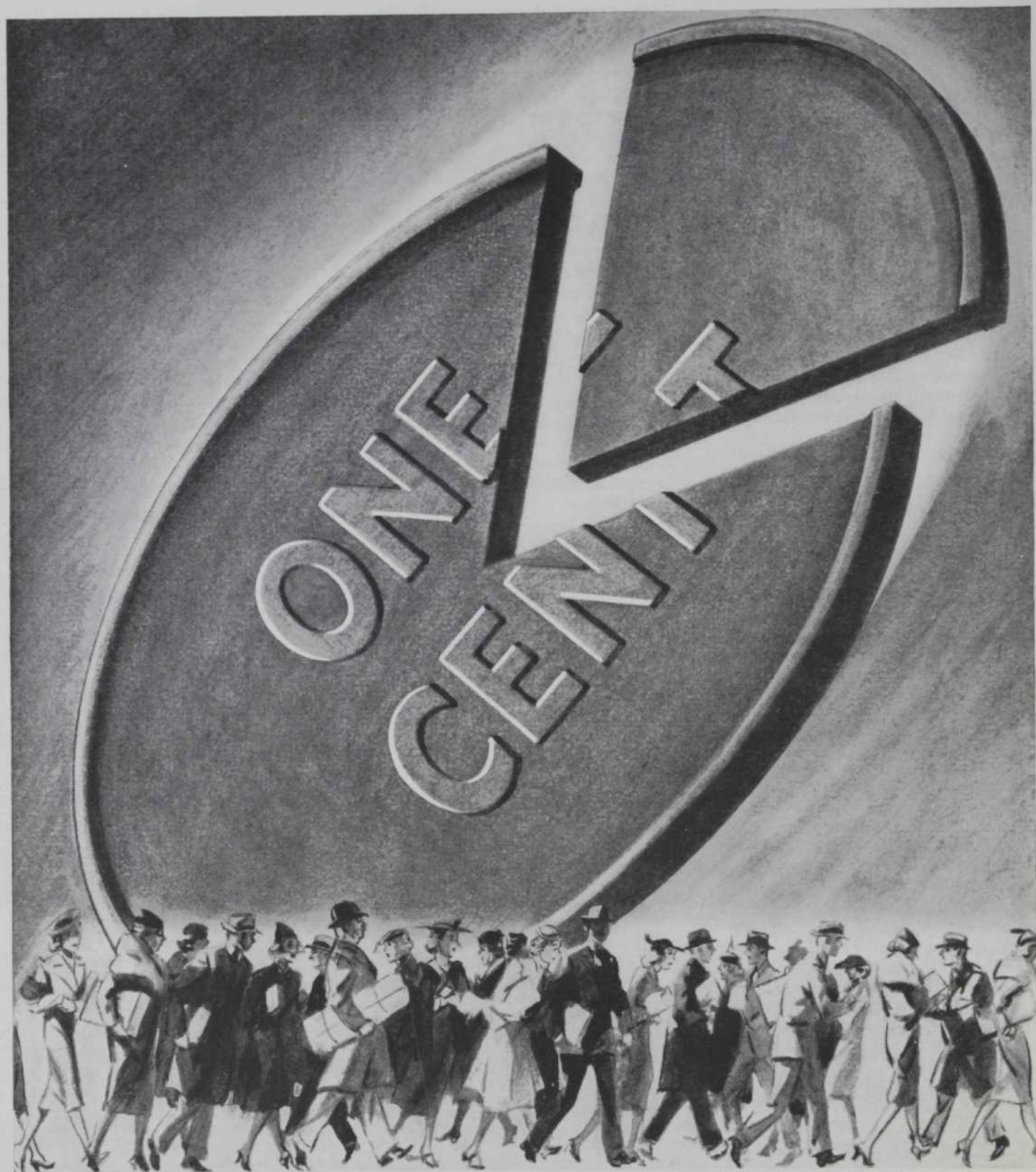
They are controlled and restricted on a fifty-year-old theory that the railroads are a monopoly—yet they are called upon today to compete for business against every other form of transportation.

What railroad men want is simply equality and the same freedom of judgment and initiative in running their business enjoyed by every successful business in America.

SAFETY FIRST—
friendliness too!

ASSOCIATION OF
AMERICAN RAILROADS

Where could you



find a harder-working quarter-cent?

TODAY you, and most other businessmen, are probably scrutinizing sales costs through a high-powered microscope.

You have more respect than ever for the penny that works *hard* for you.

And in a day when you can buy very little for a penny, it may surprise you to know that you can buy a page in the Post for just about a *quarter of a penny*.

When you buy a page in the Post, you are really buying more than three *million* individual advertisements. And the cost to you of one of these pages is a little over $\frac{1}{4}$ of a cent ... about *one-quarter the price of a penny post-card!*

What does that $\frac{1}{4}$ of a cent do?

It buys a full-page, black-and-white advertisement in The Saturday Evening Post. It buys the paper; it does the printing; it pays for the transportation; and it presents what you want to say about your product to a Post family—an above-average family that acts with complete confidence on the information it gets from the advertising pages of the Post.

There are many millions of such families, the largest magazine audience in the world. *Through a Post page, you can call on them for about $\frac{1}{4}$ of a cent a family per week. For a little more than 13¢ a family you can call on them every week of the year.*

They are always “at home” to their favorite magazine. And the more often you call, the firmer the friendship.

THE SATURDAY EVENING POST

The Map of the Nation's Business

By FRANK GREENE

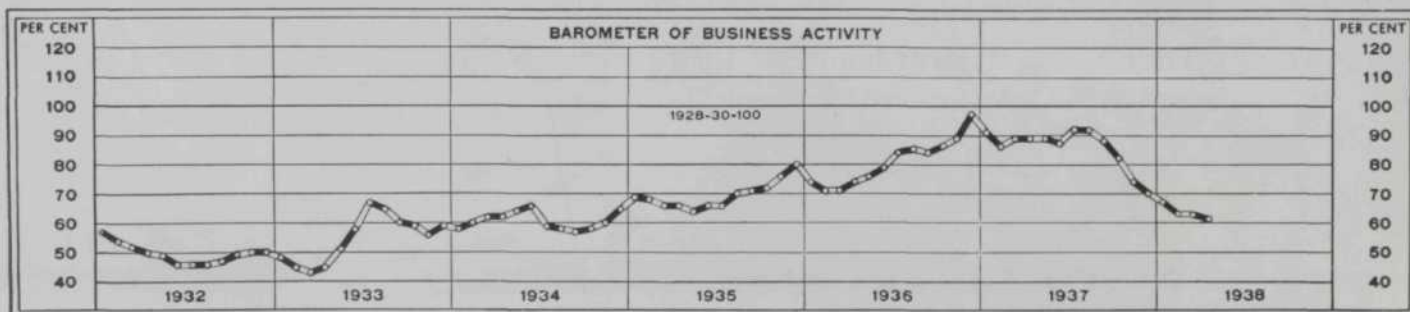


APRIL was featured by a further moderate recession in major industrial lines. Late Easter buying failed to lift retail trade above the like month a year ago. The passing of the seasonal sales peak left automobile output less than half that of last year. Labor difficulties, also, hindered production. Lack of railroad and automobile buying was felt in steel production, which dropped to 32 per cent of capacity, as against 91 per cent in 1937. Steel scrap dropped to \$12 a ton.

Bonds reached new five-year lows and stock sales were only half those of a year ago. Bank clearings and debits declined equally about 16 per cent, while business failures increased 36 per cent over last year.

Car loadings, electric output, coal and lumber production fell off. Foreign trade was sharply lower, although European tension relaxed on the Anglo-Italian pact. Foreign demand for copper continued active. Commodities, especially wheat, eased off on continued favorable crop prospects.

With the advance of the season, interest in the Map seems to be concentrating on the areas of surplus crop production



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

There were no marked changes in business activity in April, although a small dip in the chart line indicated a trend toward slightly lower levels

HOW YOU CAN KEEP FACTORIES BUSY, MORE PEOPLE EMPLOYED...

EXPLAINING A SAVING PLAN, WHICH BENEFITS
YOU . . . AND HAS A NATIONAL INFLUENCE

by **RAYMOND MOLEY**

*NEWSWEEK Editor
Professor of Public Law, Columbia University
Former Assistant Secretary of State*

MASS production is one of the factors which have helped lift the standard of living in America to a higher level than the rest of the world has ever known.

"But mass production could only exist with mass demand and, more important, mass ability to buy.

"Sensible instalment buying—the ability to buy substantial merchandise and to pay as you use it—is the coupling link between mass production and mass buying. It keeps factories busy. It keeps more people employed. It provides the things that

transform dreams into realities for our people. It reduces production cost by increasing the volume of sales. And thus, as every economist knows, it brings prices down.

"Time payments buy 87% of the six more widely owned household appliances—refrigerators, radios, washing machines, vacuum cleaners, ranges and heaters—and more than half of our automobiles and trucks. The number of people who fail to complete their payments is so small as to be negligible.

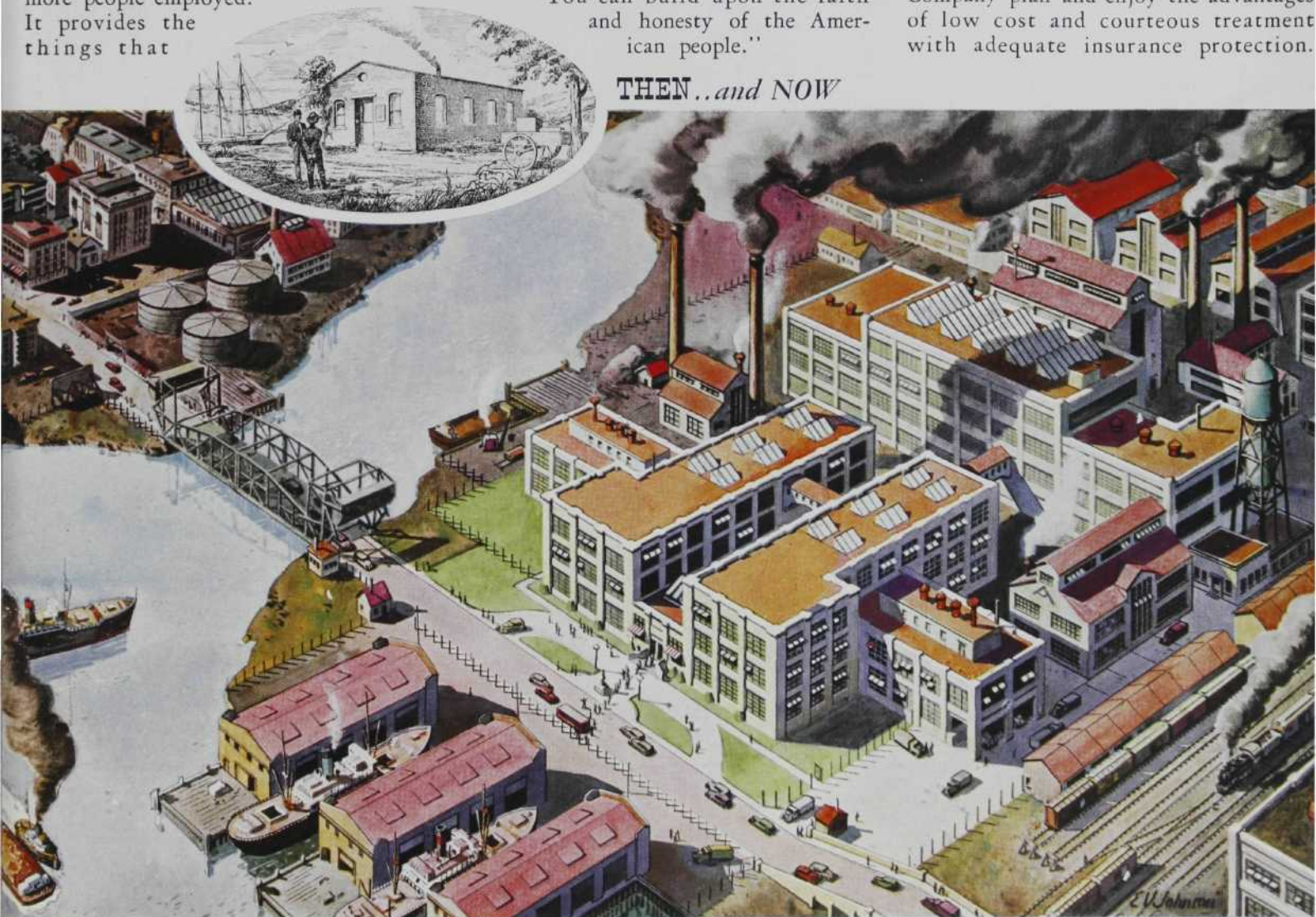
"You can build upon the faith and honesty of the American people."



THE Commercial Credit Company . . . a great financial institution to serve the American family . . . offers you a time-payment plan which enables you to invest regularly a small part of your income in durable possessions contributing to family health, comfort and happiness. This is

a form of saving that pays dividends in better living. When you buy on time, ask your automobile, truck or home equipment dealer to finance your purchase on the Commercial Credit Company plan and enjoy the advantages of low cost and courteous treatment with adequate insurance protection.

THEN...and NOW



Wholesale, Retail Instalment
and Open Account Financing,
Factoring and Credit Insurance
through subsidiaries.



COMMERCIAL CREDIT COMPANY
BALTIMORE

Credit Bankers to America's Families

Capital and Surplus over \$64,000,000

"Unforeseen events . . .
need not so often change and shape the course of man's affairs"



THEY GOT THE "G-MAN"

He won't come home for supper tonight. There will be no solemn explaining to dad that G-men haven't time to scrub dirty hands...no imaginative tale of "desprit" criminals run to earth...no drowsy admission that perhaps an ace sleuth can submit to a mother's good-night kiss without loss of dignity.

Not tonight...nor for all the nights to come...because today a heedless driver didn't see a little boy on his tricycle.

The Maryland has been very near to tragedies like this. Close to the automobile industry from the first, it realized that as the speed of travel increased, there would come an increase in traffic fatalities, especially among children. Faced

with this problem, The Maryland early became a pioneer leader in the highway safety movement.

In this 40th anniversary year of The Maryland, we feel that the effort has been worthwhile, that hundreds of young lives have been saved. The educational work will continue...posters, pamphlets, lecturers will carry the safety message to motorists, into the schools and the home. You can do *your* part. When at the wheel, remember that children are impulsive, do unpredictable things in the excitement of play, at any moment may dart in front of *your* car. *Drive carefully.*

THE MARYLAND

MARYLAND CASUALTY COMPANY • BALTIMORE

Leaders in the March of Business



C. R. Smith



R. H. Shainwald

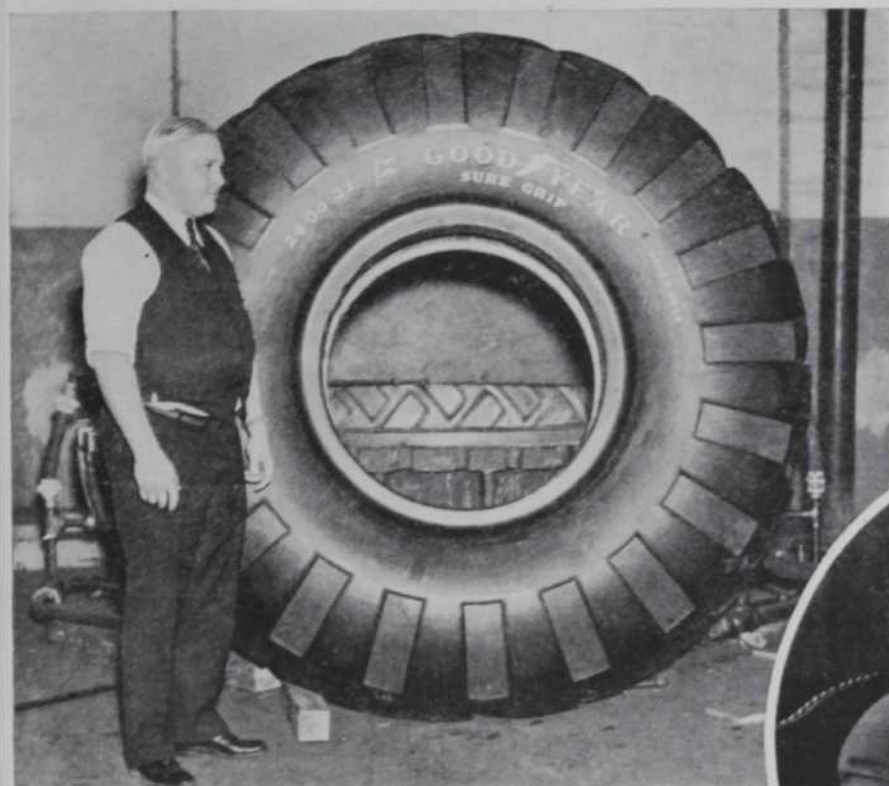
C. SLUSSER, vice president and factory manager of the Goodyear Tire and Rubber Company, with the newest and largest heavy duty truck tire ever built by his company. The 30-ply tire, when inflated at 75 pounds air pressure, will have a load capacity of 25,000 pounds and is nearly a foot taller than the average man. It was constructed primarily for use on earth-moving vehicles.

C. R. SMITH, president of American Airlines, Inc., whose company received the National Safety Council's annual aviation safety award for "having flown 249,912,932 passenger-miles in 1937 without a passenger fatality."

R. H. SHAINWALD, vice president, The Pabco-Paraffine Companies, Inc., San Francisco, is chairman of the newly organized nation-wide Cooperative Low Cost Housing Council, which, in its first measure to encourage a building drive, produced findings to prove that the cost of building a home is now 20-26 per cent cheaper than in 1926-29.

WILLIAM McCHESNEY MARTIN, Jr., 31-year-old member of the St. Louis firm of A. G. Edwards & Sons, who is the new chairman of the board of governors of the New York Stock Exchange. He was secretary of both the Conway Committee which suggested the new exchange constitution and the drafting committee which framed the amendments.

J. E. KEWLEY, vice president in charge of the Incandescent Lamp Department of General Electric Company at Nela Park, Cleveland, Ohio, whose organization is observing its twenty-fifth anniversary as a part of General Electric's sixtieth Anniversary celebration. Nela Park, noted as an industrial institution with a campus setting, will be specially lighted all through the summer and hold demonstrations designed to commemorate the past and point to future development of the electric light.



C. Slusser



William McC.
Martin, Jr.



J. E. Kewley

MEMO . . . for Busy Readers

- 1• Renters pay taxes 2• States seek new industry 3• Autos pay larger taxes 4• Miami has more visitors 5• Cities finance industry 6• Relief may bankrupt us 7• A company talks to its workers 8• Business encourages sentiment 9• Old workers keep working

Taxes Hide in Rents

THREE and one-third months of a renter's rent money each year goes for taxes if he lives in a house; seven weeks' rent if he is an apartment dweller.

Of 48 U. S. cities reporting in a survey by Northwestern National Life Insurance Company, 29 have increased their realty tax rates over those of the preceding year. Rents, which rose along with taxes in 1937, have receded somewhat since the first of this year, but the tax collector still gets about the same proportion of the rent dollar as he did a year ago—not quite 29 cents—from the dweller in a detached house and slightly more than 14 cents from the average apartment dweller.

The lower ratio of realty taxes to apartment rentals, the report points out, is offset by the fact that approximately one-half of the apartment rental dollar goes for services, such as fuel, water rent, janitor service and the like.

Records of representative groups of residential property in 32 widely scattered cities, revealed by realtors who cooperated in the survey, show that realty taxes levied in 1937 for payment in 1938 are up 7.8 per cent over taxes assessed on the same properties for the preceding year.

Tax Concessions Bait Industry

NINETEEN states now grant tax concessions generally favorable to their own manufacturing plants. Concessions, usually extended as tax exemptions on manufacturing machinery or temporary exemption on plants and machinery, supposedly encourage development of new industries or attract new industries.

This practice spread to the South and Midwest as industry became increasingly important to these sections. Within the last decade, Florida and Virginia granted property tax immunity to manufacturing plants, while Alabama, Louisiana, Mississippi and South Carolina broadened the scope of their immunity laws.

Special treatment accorded industries, as disclosed by the National Association of Assessing Officers, is widely distributed. New York exempts all personal property including that of manufactur-

ers from the general property tax. Massachusetts exempts machinery and inventories of manufacturing corporations. In Delaware no machinery is taxed. In Pennsylvania only permanent machinery constituting real estate is placed on the tax rolls.

States granting temporary exemptions ranging from five to 15 years on manufacturing plants include Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Oklahoma, Rhode Island, South Carolina, Vermont, Virginia, and Wyoming.

In Ohio manufacturing machinery is taxed on the basis of 50 per cent of its appraised valuation, though real estate pays taxes on full value. In Kentucky the tax rate is five mills as compared to about 30 to 35 mills on real estate. Maryland grants counties and the city of Baltimore local option on the exemption of manufacturing machinery.

Taxes Outrun Pay Rolls

FEDERAL automotive taxes have increased faster than the pay rolls of the automobile industry.

In 1920, 447,000 persons were employed in automobile, body and parts factories. The federal Government at that time levied no excise taxes on automobiles and parts. In 1937 about 517,000 workers were employed in the automobile industry, an increase of 70,000 over 1929. At average earnings of \$1,500 a year, the additional workers received approximately \$115,000,000 in wages.

Last year federal automotive excise taxes on automobiles, parts, and accessories were \$123,238,467, a total greater than the wages paid the 70,000 additional workers. For every man added to the pay rolls of the automobile industry, federal excise taxes on automobiles and parts absorbed an amount equal to the wages of another worker.

Federal taxes on gasoline and lubricating oil in 1937 totaled \$236,706,970, about 29 per cent of the pay rolls of the automobile industry, says the American Petroleum Industries Committee. These taxes were first applied in 1932 as "temporary" levies. Motorists are now paying more than \$1,000,000,000 annually in state taxes.

The gain of 70,000 workers in the

automobile industry in 1937 over 1929 was an increase of 16 per cent. Employment by the federal Government rose 47 per cent in the eight-year period. In 1929 there were 573,107 civilian employees in the federal Government. In 1937 there were 841,664, not including persons in relief work. At \$1,500 a year, the \$359,945,437 collected in 1937 in gasoline and other automotive taxes by the federal Government is equivalent to the wages of 240,000, or 89 per cent, of the 268,557 persons who have been added to federal civilian pay rolls since 1929.

Sunshine Sales on The Rise

AVERAGE number of tourists in Miami from last October through March was 84,474 daily compared with 72,977 a day in the 1936-37 season. For the six months' season, total number of visitors was 796,086, each staying an average of 19.2 days, compared with 709,206 in the previous year.

Total attendance at horse races, jai-alai games and the like was 1,529,253 from October, 1937, through March, 1938, against 1,481,695 the year before.

For that period Seaboard Air Line Railway showed a travel increase of ten per cent for the six months' season. Florida East Coast and Atlantic Coast Line Railroads reported increases of from 20 to 40 per cent during the peak travel periods.

States Aid New Building

MISSISSIPPI'S new "industrial construction" law, upheld by the state supreme court and denied review by the Supreme Court of the United States, permits local governments to appropriate public funds for industrial construction and operation. Localities may issue bonds to finance the construction of a new industrial plant, and then lease the plant to private persons for operation.

Under the new law, localities wishing new industries may apply to the state industrial commission for permission to finance construction. After receiving the commission's approval, the city or county may hold a special election on an issue for the industrial development project. The issue must carry by a two-thirds majority.

Eight new plants have been constructed under the terms of the law in the last two years, with local governments issuing \$307,000 in bonds and using \$10,000 in available public funds to finance these industries. In addition, Natchez, Miss., will begin construction immediately on a \$300,000 plant.

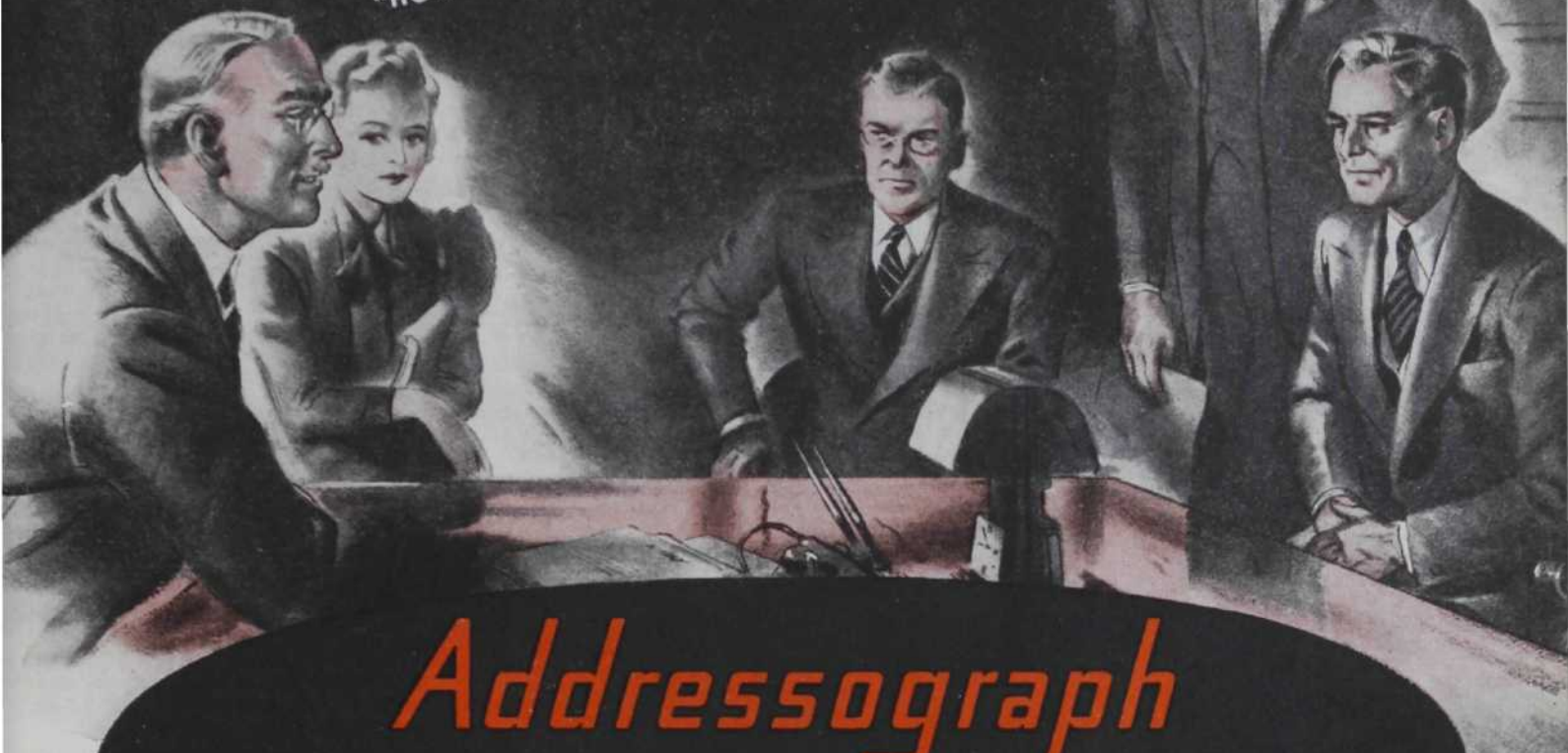
These industries, according to Professor D. W. Knepper of Mississippi State College, employ about 2,200 persons and increase the state's industrial pay roll about \$1,500,000 annually. They are expected to add some \$2,500,000 in taxable property to the tax rolls at the end of the state's five-year exemption period for new industries.

A Lesson in Arithmetic

WILL the increased public spending eventually buy recovery or will it only succeed in paralyzing economic prog-

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ON THE SAME OLD SUBJECTS . . .**

"WHY CAN'T WE GET THINGS DONE QUICKER?"
"HOW CAN WE STOP EXPENSIVE MISTAKES?"



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Every name, address, number, amount or other data will be *correct*. The accuracy of every copy is predetermined.

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There's an Addressograph method and an Addressograph machine to meet every need for name and data writing. New electric models are from \$157.50 up (pictured at left), and new super-speed, fully automatic models are from \$770.00 up, all f.o.b. Cleveland, on convenient payments.

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How a Household loan helped a man get his start

One day in 1933 a Michigan man borrowed \$200 from Household Finance to start his own business. He worked hard. His undertaking prospered. Last year he wrote Household this letter: "Your small loan helped us get our start, and as a result of our operations we now have a fine business. Our real estate and business are valued at over \$25,000. We want to again thank you for the help you gave us when it was sorely needed and we believe that your organization is performing a real service."

Loans without collateral

Household Finance makes \$20 to \$300 loans to responsible people without bank credit. Borrowers repay their loans in 10 to 20 payments which average only about 7% of monthly income. Many of these loans, like that which helped this Michigan man, enable borrowers to increase their incomes. Other loans are used to clean up over-due bills and get a fresh start. Others give employed people without adequate savings the means to meet unexpected emergencies.

Last year Household Finance made helpful loans to more than 715,000 families. To these families Household also provided guidance in money management and better buymanship—showed them how to get more out of limited incomes. Household's practical publications, developed to facilitate this work, are now used in more than a thousand schools and colleges.

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ress? From Bailey B. Burritt, general director of the New York Association for Improving the Condition of the Poor, comes a relevant statement. To quote from the 94th annual report of the Association:

It is estimated that the total annual expenditure for general social services, including health, welfare and education, is approximately \$7,000,000,000, and about one-half of this is for relief activities. This \$7,000,000,000 represents at least a tenth of the national income for 1937. The continuation of relief expenditures on such a scale threatens all employment.

There are, after all, limits to the amount of national income that can be diverted from the process of reproducing itself. There can be no fundamental solution to this problem except by finding a way to return many of our population to employment.

For nine years social workers and public officials have focused their attention primarily upon the relief needs of one-sixth of the population.

Nothing short of doubling the present volume of goods and services produced, distributed and consumed can realize the goal of a reasonable standard of living for all. To accomplish this would require employment of more labor than is now available.

Workers Quiz Their Boss

MANNING, Maxwell and Moore, makers of railroad and industrial equipment, decided to tell employees in person how things are going, what's ahead. Auditorium of the Warren Harding High School, Bridgeport, Conn., company's headquarters, was hired.

Meeting was held long after working hours and in the midst of an unseasonable snow storm. Of one thousand employees, 750 attended.

Robert R. Wason, company head, told how and where the company got its income, where it went.

Questions asked by workers and answered by their president, were:

Is there any particular reason why our products are not advertised nationally as other such companies do?

Has the European crisis any effect upon present business conditions?

Would you give a figure of the increase in taxation above, say 1926, which is considered normal?

Instead of borrowing money from the bank, why not sell shares to the employees? In that way, every shareholder will watch the profit and keep bad work down. \$114,000 of bad work will reduce automatically.

In what branch of the business is the largest amount of defective work?

Sentiment In Business

Answer in the affirmative issues from Lew Hahn, general manager of the National Retail Dry Goods Association. Says Mr. Hahn:

... every good sentiment should be commercialized in a good and sound and proper way.

Let us not forget what tremendous possibilities for good or ill to millions of American workers depend upon whether, here in this commercial world, we intelligently commercialize human sentiment or dub the opportunity and fail to make use of it.

The affection which leads a boy and

girl to marriage is a holy sentiment and it is commercial to suggest that in their life together they will need furniture and all the other things which go to make a home. Should we fail to commercialize such sentiments in proper ways however, there would be no furniture industry and no employment for furniture workers, and for the happy couples of the future there would be only such crude furniture as they themselves might contrive.

Let us, therefore, accept no rebuke for the intelligent commercialization of sentiment. It is the one most potent influence in untying stubborn purse strings.

Older Workers on the Job

FATE of the industrial worker, as revealed by Westinghouse records, is to keep right on working.

No "deadline at forty" is the conclusion directed by figures disclosed in the company's annual review of industrial relations.

Of the 51,151 workers on the rolls at the end of 1937, 6,355 have been with the company 20 years or more. Eight of these men have been employed by Westinghouse at least 50 years and 121 of them have been employed 45 years.

Other categories included in the report listed 148 forty-year men, 844 thirty-five-year men, 1,159 thirty-year men, 1,614 twenty-five-year men, and 2,432 twenty-year men.

Average age of all workers was 36 years; average service, nine and one-half years. Average number of employees last year was 52,249.

Ten years before, company had 41,787 employees with average age of 33, and average service of eight years.

A Matter of Wage Scales

PRAISE of British and German housing accomplishments to the shame of American contributions glosses over wage scales and rests its case on completion of structural units.

British rates in building work for 1938 run about 75 per cent less than union rates current in New York City. As reported by *News & Opinion*, organ of New York's Building Trades Employers Association:

The British skilled building trades workman in some cases has to put in a full week's work to earn less than his New York City counterpart can make in one day with an hour's overtime. We have known cases within a year where New York building mechanics have, in a week, earned the equivalent of a British mechanic's 19 weeks.

Official British scales set February 1 for large cities such as Manchester, follow with comparable figures for New York:

	Great Britain	New York City
Asphalters (Roofers)	\$.42	\$1.60
Bricklayers	.40	1.88 ⁴ / ₇
Concreters	.40	1.75
Carpenters	.40	1.75
Glaziers	.40	1.88 ⁴ / ₇
Machinists	.40	1.75
Painters	.40	1.50
Plasterers	.40	2.00
Plumbers	.40	1.75
Slate and tile roofers	.40	1.86
Stone setters	.42	1.95 ⁴ / ₇

Tile and Terrazzo	.40	1.683/4
Bricklayers' Helpers	.30	1.142/7
Excavating, etc. Laborers	.30	.95
Plasters' Helpers	.30	1.42

Germany, like Great Britain, the trade journal says, has exceeded the U. S. in home building. The building trades worker is, however, under severe governmental regulation with maximum wages fixed by law as well as minimum production, just about the reverse of the American situation. Examination of German wages indicates the hourly rates to be less than the English, but total earnings may be more because of the longer German working day, reaching as high as ten hours on some construction. The 1936 average hourly wage throughout Germany for skilled men was about 35 cents.

Applying the wage differential to a construction project in New York, the journal asserts that:

At British rates, the labor cost here would be less than 20 per cent of total construction cost, and the theoretical saving on a \$1,000,000 apartment house would be between \$200,000 and \$300,000 depending on the comparative efficiency of British and American workmen. (This difference, if obtainable here, would be sufficient inducement to capital to put every union man to work.) But with WPA in existence giving a \$95 a month wage, what American building mechanic would be crazy enough to take a private job at English wages of \$17.60 a week?

A Streamlined Tax Program

(Continued from page 16)

revision are several new provisions in the revenue bill designed to encourage prompt corporate liquidations.

In the past few years, there has been a growing recognition of the fact that many corporate structures are too complicated, or unnecessary. This is particularly true of holding companies.

Recent revenue acts have greatly increased the taxes on the income of personal holding companies and have subjected an increased percentage of intercorporate dividends to tax. But the gains upon liquidation have been subject to prohibitive surtaxes.

The result has been that a great volume of assets in these companies has been completely frozen since it is unprofitable either to operate the companies or to liquidate them. It has been estimated that from \$2,000,000,000 to \$4,000,000,000 are locked in personal holding companies alone at present.

The new revenue bill, recognizing this dilemma, includes provisions which will provide an incentive to simplify these structures without sacrificing government revenues. It also includes a provision permitting the

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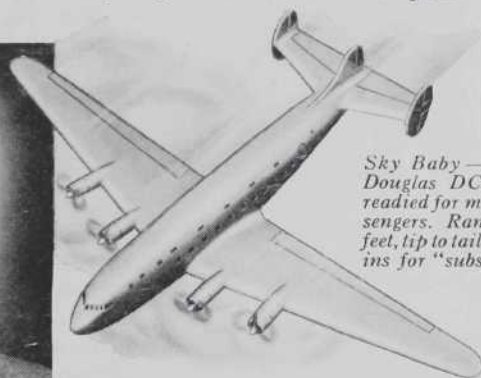
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• Selecting its policyholders for their safe driving records, Lumbermens is enabled to return to them substantial dividends because of extremely low losses. Helping these policy-

holders avoid accidents through its comprehensive safety program is an added factor in saving them money. Prudent management further increases the amount available for refunds. Lumbermens is noted for prompt, efficient service from coast to coast, on compensation and general casualty insurance as well as automobile protection. Learn how you may save in Lumbermens. Call a local Lumbermens representative or mail the coupon.



\$3,000 H. H. Wetzel, vice-president, Douglas Aircraft Company, Inc., Santa Monica, writes: "Safety and Service brought a reward of approximately \$3,000 to Douglas policyholders in the Lumbermens Mutual Casualty Company last year. Safety in



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the skyways, from the first World Cruiser to our latest super skyliner, the DC-4, has always been the Douglas watchword. Service, from home office to the local representative, is the slogan of Lumbermens. Together they bring rich rewards."



\$100.00 "I have selected Lumbermens for the insurance on our trucks, not alone for its admitted strength and cost-reducing dividends, but for the prompt, fair and efficient manner in which it adjusts its claims. Last year our dividend savings exceeded \$100."—George Goetz, The Clifton Coal & Supply Company, Lakewood, Ohio.

\$57.88 John A. Warrington, Better Oil Company, Chicago, says: "Last year the Lumbermens savings on my car and trucks amounted to \$57.88. And the service received through your local representative has been 100%."



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tax-free liquidation of utility holding companies whose elimination is ordered by the Securities and Exchange Commission under the "death-sentence" clause of the Utility Holding Company Act of 1935. The latter provision is obviously just and fair, in view of the compulsory nature of such utility liquidations. The taxation of gain or recognition of loss is merely postponed until a voluntary realization occurs.

Two forms of liquidation

THE provisions applicable to the liquidation of corporations generally take two forms. Under one alternative, a corporation may take three years for a complete liquidation instead of two years as provided at present. This does not reduce the total tax payable on liquidation, computed according to the lower rates now provided for capital gains. It does permit the gains to be spread over four taxable periods, however, thus reducing the amount of each installment of tax. It also allows a more gradual and orderly liquidation of corporate assets, which, in many cases, cannot be sold rapidly except at a great sacrifice.

The other alternative applies if 80 per cent of the shareholders of a corporation elect to effect a complete liquidation within the current taxable year. In this case, property of the corporation which has appreciated in value may be distributed to the stockholders, with the tax being postponed until the stockholders sell the property.

Accumulated earnings and profits of the corporation, however, are taxed to the stockholders as an ordinary dividend, and any remaining liquidating gain in the form of cash is taxed as a capital gain.

Fewer sales will be forced

THIS provision permits postponement of tax only for "frozen" assets—property which has increased in value since it was placed in the corporation and which has not been sold. It eliminates the necessity for valuing unsold property which has given great administrative difficulty and in some instances has compelled stockholders to resell to establish a proper value. By taxing accumulated earnings and profits as ordinary income, the application of the section is limited primarily to those corporations which have not been used as a shield to protect stockholders from high surtaxes.

It is believed that these liquidation provisions will hasten the dissolution of unnecessary or unwieldy corporate structures. By doing so, a vast amount

of useful capital now frozen will be released and put back to work.

Corporate income taxes have been substantially revised and lowered by the bill.

The principal change involves the abandonment of the punitive surtax on undistributed profits included in the Revenue Act of 1936, with rates graduated from seven per cent to 27 per cent. Business men were unanimous in condemning this tax and relief has been afforded them.

The bill, as it passed the House, substituted the so-called "20-16" plan on corporate incomes. On incomes of more than \$25,000, a maximum rate of 20 per cent was imposed, scaled down to a possible minimum of 16 per cent, based on the dividend distributions.

The Report of the Committee on Ways and Means, accompanying the bill, states that that Committee "believes that the tax should not be framed as a penalty surtax on undistributed profits but should be designed on the basis of a flat tax rate with a tax credit which will give reasonable encouragement to the distribution of dividends."

Notwithstanding this departure from the principle of the present law, the Senate eliminated the "20-16" tax; and substituted a flat 18 per cent rate upon corporate incomes of \$25,000 or more with lesser rates upon smaller incomes.

Credit for distribution

THE present proposal adopts the House plan, for a period of two years—that is, for the taxable years 1938 and 1939. The maximum rate, however, is fixed at 19 per cent as compared with 20 per cent in the House bill and 32.4 per cent in the 1936 Act. A credit is allowed against the tax of one-fourth per cent for each ten per cent of dividends distributed. If the entire net income is distributed, therefore, the tax will be 16½ per cent. In computing the credit for dividends paid, moreover, a net operating loss of the previous year may be carried over, and allowance is also made for impaired capital and amounts paid from earnings in discharge of debts incurred before January 1, 1938.

For corporations with net incomes of \$25,000 or less, the bill adopts flat normal tax rates of 12½ per cent on the first \$5,000 of income, 14 per cent on the next \$5,000 and 16 per cent on the next \$5,000. These corporations, comprising almost 90 per cent of all the corporations reporting income, are wholly relieved from the undistributed profits tax. As in the House bill, a "notch" provision has been adopted for corporations having

net incomes slightly exceeding \$25,000.

In many ways, the corporate flat tax seems preferable to this system, which perhaps might be considered as preserving the shreds of the principle of an undistributed profits tax. The flat tax has the great advantages of uniformity and simplicity.

But, from the standpoint of the tax burden, the bill as agreed to holds out the possibility of a lesser rate. Most certainly, the bill is a tremendous improvement over existing law. The punitive surtax on undistributed profits is eliminated. The threat of disaster that surrounded the operation of legitimate business has been removed. The road is cleared for normal business expansion and development through the employment of reasonable reserves.

Improper surpluses are penalized

MANY persons are still concerned with the possibility of tax avoidance through the use of the corporate form. This problem has been attacked directly and in the proper place by strengthening section 102, which imposes special penalty taxes on the improper accumulation of surplus. An added burden in such cases has been placed upon the taxpayer, requiring him to show by a clear preponderance of the evidence the absence of any purpose to avoid surtaxes after it has been determined that unreasonable accumulations of profits exist. This should materially assist the Treasury Department in enforcing the section in cases where operating companies are involved. Where holding or investment companies are concerned, the Revenue Act of 1937 has, to a large extent, disposed of the problems of surtax avoidance.

In the legislation to be known as The Revenue Act of 1938, Congress has responded to the suggestion of Secretary of the Treasury Morgenthau, when he said in New York last fall:

The basic need today is to foster the full application of the driving force of private capital. We want to see capital go into the productive channels of private industry. We want to see private business expand. We believe that much of the remaining unemployment will disappear as private capital funds are increasingly employed in productive enterprises.

The tax barriers, both real or imaginary, have been let down. If business goes ahead, as we hope it will, the result will be more income, more employment and more revenue to the Government.

The goal of \$100,000,000,000 of national income is in sight and, with the driving force of private capital, it can be reached. If it is, our two-fold objective will be attained.

We don't pay a State Income Tax!

Neither corporations nor individuals are asked to pay income tax to the State of New Jersey. That's not the main reason industry is on the move to New Jersey. But it represents an attitude which makes New Jersey a good place for industry to be. The whole tax structure in the state is favorable. The attitude of government and communities is friendly, helpful and conducive to the economy of industry.

And, of course, industrial opportunities are here as no place else in the nation. There's plenty of low-cost land close to urban centers or near small villages. The state is threaded with the lines of eight major railroads, deep waterways, and the country's finest highways. Wide diversification of industry means that workers are trained, available and cooperative. Your plant in New Jersey is within overnight trucking distance of more than one-third of America's buying power. For these reasons and others, last year more than 50 major industries and hundreds of smaller ones moved into New Jersey. It's a place where business thrives.

... that's why industry is on the move to New Jersey

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Business Men Say...



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J. FREDERICK TALCOTT, President
James Talcott, Inc.

"A category which includes thousands of independent manufacturers and merchants, many of them with an annual turnover of from \$500,000 to \$5,000,000 should not have the adjective 'small' tacked onto it, simply because it does not include the great major units. These independent business men do not merely want to borrow money. The kind of help that the independent business man wants most at present is more independence."

H. HOBART PORTER, Chairman
American Water Works and Electric Company

"So much data is required of us by the Government, that we are making at least one report on some phase of our business at least every two minutes of every working day of the year."



H. Hobart Porter

BLANK & STOLLER



Edward G. Seubert (center) with Allan Jackson and E. J. Bullock of his company

ACM

W. T. NEAL of Brewton, Alabama
President, Southern Pine Association

"If we had had no organization it is likely that today we would have no industry either; or, at least not an industry that might be classed as important. . . . If the industry hopes to continue its success, its component parts must act unitedly in a militant and thoughtful manner. If the industry's action loses its force through the disintegration of its cooperative processes, then the industry must resign itself to a policy of retrogression and eventual disappearance."

EDWARD G. SEUBERT, President
Standard Oil Company of Indiana

"Nearly 52,000 federal and state employees can be paid at the rate of \$2,000 a year from taxes on our company. . . . At the end of 1937, ownership of Standard of Indiana was in the hands of 93,408 stockholders, including eight museums and libraries, 95 educational institutions, 31 churches, 33 hospitals, 60 charitable organizations and various investment trusts, insurance companies, etc."

Liebman's



Windows framed in
BRONZE
 attract customers!

Illustration shows Liebman's Store, Philadelphia, Pa. Silverman & Levy, Architects. Anaconda Bronze Work by Brasco Manufacturing Co., Harvey, Ill.

Gives Permanent Service

Anaconda Architectural Bronze is economical as well as attractive. One of the sturdiest of metals, it is absolutely rustproof! Upkeep expense is negligible, for Bronze is easily cleaned and can be kept in its original lustrous state with only occasional attention.

The American Brass Company is the leading supplier of Bronze, Copper and Nickel Silver in the form of extruded shapes, drawn shapes, sheets, etc., as used in the construction of ornamental work of every description. Anyone contemplating store construction or modernization will find much of interest in our new booklet, "Bronze . . . the Key to Better Retailing." A copy is yours for the asking.

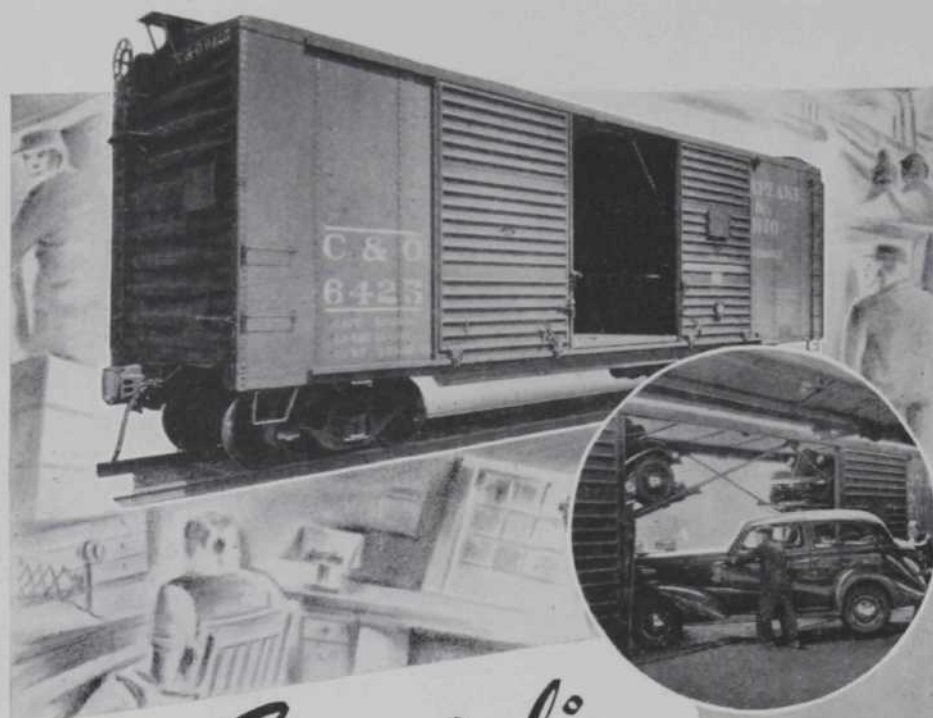
58166

THROUGHOUT America the trend in store fronts is more and more to Bronze. Traditionally the metal of quiet good taste, Bronze lends rich dignity to the display of merchandise . . . subtly creating for passers-by an air of warmth, an impression of character and distinction. Retailers everywhere are discovering the "sales value" of well-designed store fronts of Bronze. Why not consider it for your building?



Anaconda Copper & Brass

THE AMERICAN BRASS COMPANY, General Offices: WATERBURY, CONNECTICUT
 Offices and Agencies in Principal Cities • In Canada: ANACONDA AMERICAN BRASS LTD., New Toronto, Ont.



I Specialize in AUTOMOBILES

IN A WAY OF SPEAKING, I'm an aristocrat among box cars, because I was built to provide special care in handling automobiles. Inside of me I have some fancy equipment called a mechanical auto loader. It's a sort of rack arrangement that the Chesapeake and Ohio people use to stow autos snugly and safely in my interior... But I have to work both going and coming, because the auto loaders fold up when not in use. Generally I come back from delivering autos with a load of some other high class freight. Last month, for instance, I took a load of autos from Detroit to Charlotte, North Carolina. Coming back, I carried cotton products to Akron, Ohio. The cotton was delivered to a tire factory where I was loaded with tires for Flint, Michigan. There I took on autos again for Richmond, Virginia... picked up blotting paper for Cincinnati, where I took aboard another shipment of autos. I don't mind carrying other products, but I prefer automobiles. After all, I *am* a specialist.

★ ★ ★

Yes, C&O 6425, we agree you're a smart car, much in demand by automobile manufacturers. But don't forget that shippers have other reasons for preferring the Chesapeake and Ohio—such as speed, dependability of service, plus the fine equipment and a high-geared human organization to handle every sort of shipment!

Chesapeake and Ohio representatives, located in principal cities from coast to coast, will gladly help you with your shipping problems.

CHESAPEAKE and Ohio LINES
CONTROLLED PERFORMANCE

Shake Hands with Our Contributors

SENATOR PAT HARRISON of Gulfport, senior senator from Mississippi and chairman of the Senate Finance Committee, was a central figure in the preparation of the new tax bill. He has served more than 25 years in the House and Senate. A great part of his time has been devoted to the study of tax measures. He believes that the new tax bill will save some of the business pains caused by the drastic regulations in the old law. The Senator dares to believe that business men may even become happy over the results of the new tax procedure.

Samuel Crowther is a veteran contributor to nationally known magazines. He started his writing career as a newspaper correspondent in the Balkan States in 1905. He is perhaps best known for articles on Henry Ford, John H. Patterson and Harvey Firestone.

Saunders Norvell is generally recognized as one of America's master salesmen. He started work as a stock clerk and later became sales manager of Simmons Hardware Company. Since then he has been president of McKesson & Robbins, Inc., and Remington Arms Company, Inc. He is now a member of the firm of Ingersoll, Norvell & Babson.

Mark M. Jones is president of the Akron Belting Company and a consulting economist who has had some unusual experiences in examining and appraising the worth of various kinds of enterprises.

Ellen Newman describes herself as a crossroads storekeeper. She lives in Valley Falls, Kansas, population between 1,200 and 1,300.

Ralph L. Woods became interested in the Communist party when he read a newspaper account giving the details of what the party would do with a \$500,000 fund it was attempting to raise. He investigated and put the result of what he found in this article for NATION'S BUSINESS.

Coming Next Month:

How many young people are starting to work in their proper niche? J. Walter Dietz, personnel relations manager of the Western Electric Corporation and chairman of the National Occupational Conference, tells why and how the conference is attempting to help these young people

fit themselves into careers for which they have some aptitude.

July marks the beginning of a new fiscal year for many organizations. In many cases it will begin with headaches rather than with pride of ownership. Robert Updegraff, a well known business writer, tells why the headaches are difficult to cure—points out the worries and responsibilities of ownership—shows how the boss carries his job around with him and works at it 24 hours a day.

Herbert M. Bratter will tell how the Government expects to speed up receipt of its revenue by decentralizing its tax collecting machinery and establishing branches in various parts of the country.

Microphotograph of America

AMERICA in miniature has been revealed by R. L. Engleken, an officer of the Security-First National Bank of Los Angeles. He calls it "Million-Divisor-America." He disclosed it by dividing by a million the national income, wealth, trade and commerce of the United States. Totals were reduced by his method; proportions remained constant.

Here is the current picture of the United States on the scale of one millionth.

"The United States is a rich country, three miles square. Its population is 130. Of these people, 42 live on farms. Forty-eight work. Only 36 are employed now, leaving 12 without jobs.

"The country is considerably in debt. The federal government owes \$40,000, states, counties and cities owe \$17,500, and there are bank loans of \$18,000 besides. To pay these the country has a total annual income of about \$60,000, although in some years the figure has been higher.

"The country has exports of \$2,100 a year. Before the War exports were \$6,600.

"Eleven of the residents belong to labor unions.

"The people complain of taxes, which are mostly indirect. Only five of the 130 people are required to file income tax returns, and of these only one pays on earnings of \$5,000 or more.

"Many of the city people would like to go back to the farms. But there are only seven farms, and not all of them are needed to supply the wants of the country. However, the people could be much worse off, and many of them find their country rather an attractive place in which to live."

Send all Office Papers **RUSH . . .**
by **AIR-MAIL*** *within Your Own Plant!*

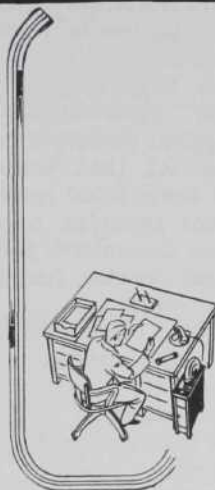


1. to the Floor
Above . . .

2. to the Floor
Below . . .

3. out to the
Plant . . .

4. across the
Factory Yard



The cost of a Lamson Pneumatic Dispatch system is surprisingly low—whether you start with one short tube, or equip an entire plant.

RUSH important orders or papers *inside your plant* the same way you would rush a letter out to the field—by *air mail*. These handy Lamson dispatch tubes will whisk mail, telegrams, shipping orders—or even complete letter files—to any, or every, department or desk. Ten flights up, across the street, or a mile away, it's all the same to Lamson tubes.

No matter how big or small your organization may be, there's a Lamson tube system to fit your needs. Mail the coupon for "Wings of Business." Let this profusely illustrated booklet show you the wide possibilities in this indoors air mail for modern offices and plants.



★ **LAMSON**
Dispatch **TUBES**

"AIR MAIL" within your own plant!

FREE BOOK ON REQUEST

THE LAMSON COMPANY, Inc.
Syracuse, N. Y.

Without obligation, please send me
Free copy of "Wings of Business."

Name

Company

City State

GOOD-LOOKING FLOOR
...I UNDERSTAND IT'S
ASPHALT TILE

YES, IT'S MADE BY
JOHNS-MANVILLE—
THAT MEANS YEARS
OF SERVICE



MEN'S CAFÉ—
Hotel Cleveland,
Cleveland, Ohio.

FREE BOOK
gives
ideas for
colorful,
decorative

J-M floors at low cost...

WHEN you need a beautiful, durable, modern floor at low cost, consider the advantages of J-M Asphalt Tile Flooring.

Johns-Manville has prepared an attractive book in full color which explains how the 39 colors, plain and marbled, blend perfectly with any decorative scheme. This book shows how, by combining different styles and sizes, an unlimited variety of patterns can be designed, suitable for any use. The floor will be quiet and resilient... comfortable to walk on. It will be easy to clean, and requires a minimum of maintenance throughout its long life.

J-M Asphalt Tile Floors are applied only by Approved Contractors... an assurance of quality workmanship. Millions of square feet in buildings of every type have been giving exceptional service for years. For free copy of the J-M book, and information on the many uses of this attractive and durable floor, write Johns-Manville, Dept. NB-6, 22 East 40th Street, New York City.



JOHNS-MANVILLE
ASPHALT
TILE FLOORING

Socialized Medicine is a Reality

(Continued from page 17)

low suit. From that it would be but a step for the taxpayers to provide free medical care for all Government employees, and another step for it to be offered to all citizens.

So he asked the General Accounting Office if this action was according to Hoyle.

R. N. Elliott, Acting Controller General, studied the matter closely and gave an official opinion. The diversion of this money, he said, was "without authority of law." All such disbursements must be authorized by specific appropriation from Congress, he averred. Incidentally, the Controller General's statement disclosed that, instead of \$20,000, the amount so spent by December, 1937, was \$37,000—nearly as much as the Home Loan Bank Board had promised for two years. (All this took place while Congress was debating the abolition of the Controller General's office.)

Later the Group Hospital Association came into conflict with the District of Columbia hospitals which refused to permit the use of their facilities for operations by the G.H.A. doctors because they disputed the legality of the organization. The Washington Medical Society also opposed the plan. At that time the G.H.A. boasted some 5,000 members in 19 government agencies. Another organization, the Committee for Co-operative Medical Service, had flung its banner to the wind.

In the meantime, other events indicated that the Administration is irrevocably committed to a program leading to socialization of medicine. Most significant in its implication was a speech delivered by Senator Lewis of Illinois before the 1937 convention of the American Medical Association. The Senator made it perfectly clear that he was the personal emissary of President Roosevelt and that he was there for a serious purpose. Among other things he told the doctors:

The question for you doctors is not whether you like it (the proposed new status of the profession) or whether you don't. All your past has been that of the doctor and his patient and that won't do. We know nothing about a patient, don't recognize his existence; it is your creation.

In another direction—through its relief agencies—the Government has taken the country a long way along the road that leads to state medicine as practiced in Germany, Russia and other European nations. Medical care administered through the T.E.R.A. in New York state alone cost \$2,487,000 in 1936. W.P.A. health service in the

Empire State was reported to have increased by 35 per cent last year.

To assemble facts which would justify going the whole route with the original plan, the U. S. Public Health Service embarked in 1935 on a National Health Survey. The W.P.A. cooperated to the extent of \$4,000,000 in a house-to-house canvass of some 800,000 families in 19 states—an enormous job. The findings published recently in four preliminary reports seemingly are advanced as proof that the medical profession is not rendering a satisfactory service to society. But a calm analysis of them fails to confirm this supposedly urgent need to regiment the doctors.

A reason for relief illness

MUCH is made of the disclosure that both frequency and duration of disabling illness are decidedly higher among relief families than among non-relief. Investigators found 234 cases of illness disabling for one week or more per 1,000 persons in families on relief and only 174 among non-relief families with incomes of \$1,000 a year or less. The average for all incomes was 172. Duration of illnesses also is longer by 67 per cent among relief families than among non-relief.

Instead of charging all this difference to the low economic status of the relief population, is it not more reasonable to conclude that those who are receiving free medical service through the relief agencies report more illness and stay abed longer by reason of it than those who pay for this service and whose income stops when they do not work? That is precisely the experience of countries that have adopted state medicine for their whole population.

In 1933 it was found in England that those who carried government health insurance lost an average of 12½ days per worker compared with nine days before health insurance was made available.

In Germany, where compulsory health insurance has had a much longer experience, the annual time loss for sickness has increased in 50 years from five days to 28 days. On the other hand, the average for all non-relief classes in the United States, according to the new Public Health survey, is 9.8 days, and for those on relief, 16.3 days.

When it comes to its statistics on treatment by physicians and on hospitalization, the Public Health Service fails even more completely to sustain the claim of negligence by the medical

Who Me?

[A DOMESTIC DRAMA IN ONE SHORT ACT . . . CLOSE TO THE
HEART AND POCKETBOOK OF EVERY MAN AND WOMAN]

THE SCENE is in the living room of the home of Mr. and Mrs. John J. Citizen. The time is early evening. Jane Citizen has just returned from a lecture at the Culture Club, and has told John all about it.

JOHN And then what happened . . . when he finished?

JANE Why, nothing special. Everybody clapped, of course.

JOHN Oh, you clapped!

JANE Why, yes, isn't that what you usually do when a speaker finishes?

JOHN He said that business stands in the way of social progress, that businessmen are enemies of society, exploiters of the people, robber barons in modern dress, selfish, greedy reactionaries—and you clapped!

JANE Ye-e-s.

JOHN Look, do I fit that description? Who is it . . . me?

JANE No.

JOHN Well, I'm a businessman. At least, I think so in my more optimistic moments.

JANE But, John, this was only a lecture . . .

JOHN Oh, only a lecture. A hundred women—99% of them married to men who live by business—and not one gets up and challenges your platform-promiser when he takes a crack at business.

JANE Dear, I don't know what you're talking about.

JOHN Well, that's happened before. But tell me, did he mean men like Will Thomas at the bank or Vaughan at the mill? They're businessmen. Did Sue Thomas or Lily Vaughan have anything to say?

JANE No

JOHN No so it's just all good fun. And meanwhile business gets another pushing around. The same old trick. They take a few "bad boys" of business. Then they say . . . "Look, here is a man. He is a bad man. He is also a businessman. Therefore businessmen are bad. We must regulate them or they'll prey on you. Follow us, put us on the public payroll, and we'll protect you."

So you applaud . . . and never ask the speaker why, if he knows "bad" businessmen, he doesn't bring them to trial. He goes on attacking all business. And you get more laws, regulations, taxes. All business, and every decent, hard-working man and woman in it, suffers.

JANE John . . . I'm sorry—

JOHN Try and understand. Our whole way of living is at stake. The good American way. Take us. For twenty-two years I've been building a business life, a home life, a place for you and me and our children. Our firm provides jobs for sixty-five men. We pay them fairly, insure them and provide pensions. We pay taxes that threaten to sink us, and try to run the business by rules that change faster than we can memorize them. We're not allowed to build up a reserve for bad times. Well, we've had a set-back lately. Multiply the firm I work for by tens of thousands all over the country and you see what's happening.

JANE I think I understand, John.

JOHN America grew up on business. Maybe we haven't a perfect country, but our people live better than any people on earth. They have freedom and dignity and a good way of life. Our children's education, the house we live in, the car we drive, the radio we listen to, the very food on our table—just try and equal them anywhere else in the world. We wouldn't have them without American business. Are we highly educated American citizens still so dumb that we are ready to stand up and cheer the theorists and self-constituted reformers who cry down this system and all it stands for and offer to substitute for it some other system—if we pay for it, and let them run it?

JANE (to herself) Mmmh . . . The next time a lecturer . . .

And the curtain slowly descends.

For the husband whose wife needs the facts to support an argument the next time a parlor pink attacks his calling, there is a booklet describing the American system of free enterprise. It provides the facts in a form easy to take and hard to forget. Her husband can also profit by reading it. Write your Chamber of Commerce or Trade Association for "Wanted, one million business men to resell the American Business System."

This message is published by

NATION'S BUSINESS

If it interests you, we are prepared to supply, upon request, copies in poster size for bulletin boards, and in leaflet form for distribution. Mats for newspaper use and electros for house organs are available.



Copyright 1938, American Credit Indemnity Co. of N.Y. W11

An Executive Faces Many Problems

Executive problems are interrelated -- nothing is gained by overcoming one at the expense of another. Success depends on the smooth functioning of this cycle -- cash, merchandise, sales, receivables, cash.

Receivables constitute the weak spot in the cycle because the status of your debtors' business 30, 60, or 90 days after shipment is utterly unpredictable. You may or may not be paid.

American Credit Insurance

keeps receivables safe by reimbursing policyholders for losses through insolvencies and reorganizations, and by liquidating delinquencies. Thus profit is assured on goods sold under the terms of the policy. Capital is secure -- and liquid, too. With inhibiting fears removed, credit granting is expedited and sales definitely stimulated.

"American" Credit Insurance has proved its worth to Manufacturers and Jobbers for 45 years. Wider coverage than ever is now available. Individual Debtors, Special Groups, or all accounts on your books may be insured at reasonable rates. Ask any "American" Representative for further information.

AMERICAN CREDIT INDEMNITY CO.

of New York . . . J. F. McFadden, President
Chamber of Commerce Building . . . St. Louis, Mo.

Offices in all principal cities of United States and Canada

profession in taking care of the indigent. The survey shows that 70 per cent of all cases of illness among relief families were attended by a physician. The proportion among non-relief cases where the income was \$1,000 a year or less was 72 per cent, while the percentage for all income classes was 74. Surely no one is justified in reasoning from these facts that doctors are neglecting the poor.

The proportion of disabling cases hospitalized was 26.8 per cent among relief families, 23.9 per cent among non-relief families under \$1,000, and 27.1 per cent for all income classes. Relief cases received more hospitalization than the lowest-income non-relief class, and practically the same as the average for all non-relief. Further, the showing on hospital cases per 1,000 persons is even more favorable to the underprivileged: Relief families, 62.8; non-relief under \$1,000, 41.5; all incomes, 46.7.

Doctors are not unanimous

DOCTORS, like business men and farmers, are divided on the issue of paternalism. A considerable minority favor it, if we are to accept the results of a survey among the profession made by the American Foundation, established by the late Edward W. Bok. A small group actually welcome socialization, while others favor limited control that will preserve the essential conditions of private practice. Many who do not relish it take a defeatist attitude.

Complete socialization of medicine would appear to be inevitable only if doctors surrender to it. But those who have their heads set on this move possess subtle means of overcoming opposition. Senator Lewis spoke at Atlantic City of doctors treating cases and sending their bills to Uncle Sam. It's the same bait in another guise as that offered to farmers when they are asked to sign crop control contracts with checks to follow. Both are offered a small guaranteed income in return for a surrender of liberty of action. In the case of the doctors an humanitarian appeal is added.

The doctor with a slender, precarious practice is offered a chance to take immediate cash and let opportunity go. One doctor wrote a letter to a New York newspaper. There are, he wrote, 6,000,000 cases of illness in the country at this moment (estimate of the U.S. Public Health-W.P.A. survey) and yet many doctors are idle. That is 40 patients a head for the 150,000 American doctors. Why not abolish wasteful, inefficient private practice and use this healing talent?

Of such reasoning in these days there is no end. Why should farmers suffer from a glutted wheat market

when a generation of Chinamen want for bread? Why should we have capitalistic unemployment and distress in the shoe manufacturing industry when, if Secretary Perkins has said rightly, there are so many shoeless millions in the South? If somebody would only make it possible to kill all the fleas on all the dogs in the country, or replace every obsolescent backhouse in the rural regions, willing hands would be put to work, prosperity would bloom overnight, and human aches would dissolve in blissful glory. With these "if only" theorists, to state a problem is to solve it.

There always will be those who compare what we have with what we might have. As long as they aren't taken too seriously they perform a certain service. Forever there will be a great gulf between the two, bridged by a lot of unsubstantial "if's."

Certainly people can be found who want more medical treatment, just as many want more food, more clothing, more jewelry, more travel, more power. Progress toward any ideal is bound to be relative. It is measured, not by the distance ahead to Utopia, but by how far we have traveled from points in the past and what the means are for going farther. Social Security is an almost insupportable burden already. Some economists charge that this pay roll load is first among the causes that dipped the cycle of business again. Now, to add national responsibility for all the ills of the flesh would be to run a chance of tracing the footsteps of Russia.

A.M.A. holds fast

IN THE face of these signs of division and weakening among its own ranks, the American Medical Association has answered the regimenters with "no surrender." At the same time the Association has reaffirmed the profession's tradition of caring for the afflicted regardless of economic status. Plans were announced recently to mobilize local and state medical associations with other local agencies to see that no one who needs it lacks medical attention.

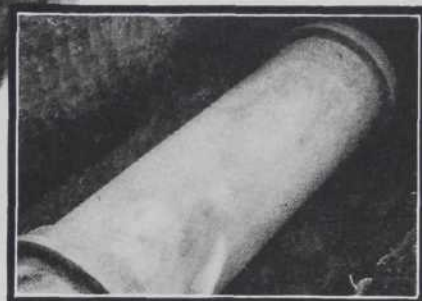
The fight of the doctors raises an issue that concerns dentists and veterinarians, and other professions, all of which treasure their client relationship. Likewise a close parallel is visible in the aims of the reformers as they affect medicine and business.

Business, too, considers itself capable of supplying the needs of its customers and deserving of a wide freedom of initiative. It will applaud the effort by the great majority of the followers of Galen, Paré, Harvey, Lister and all who have enriched the science of healing to preserve the free doctor-patient relationship.

PUBLIC TAX SAVER NO. 1



IT can happen here—right in your town. The siren song of low first-cost may persuade your municipal officials to experiment with a substitute for cast iron pipe which is the *standard material* for underground mains. The substitutes cost less at first. But cast iron pipe is known as *Public Tax Saver No. 1* because it has saved millions of taxpayers' dollars by its long life and low maintenance cost. It serves for more than a century. It has *proved* its economy under the streets of cities and towns of America. It will not let the taxpayers down by wearing out before the maturity date of the bonds issued to pay for it. It



Boston's first cast iron water main laid in 1847, the year Boston and New York were connected by telegraph, is still going strong in its 91st year of service. So are original cast iron mains in 204 American cities.

is the only ferrous metal pipe, practical for water, gas and sewer mains, that rust will not destroy. Made in diameters from 1¼ to 84 inches. The Cast Iron Pipe Research Association, Thomas F. Wolfe, Research Engineer, Peoples Gas Building, Chicago, Illinois.



Trademark Reg.

CAST IRON PIPE

Saves taxes in public service



Wormseed plant cannot be cut with a mower—entire crop is hand harvested

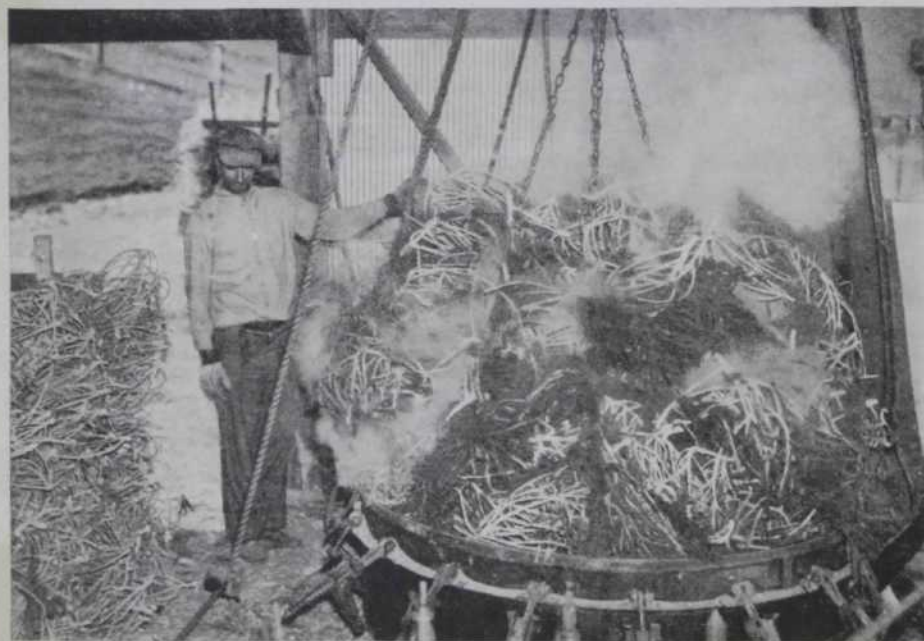
PHOTOS BY DRISCOLL



After distillation water is drained off—the oil remains on top



Wormseed plant is loaded like hay into wagons and trucks and hauled to a still in the community where oil is extracted



After the cutting has been steamed for half an hour, refuse is lifted out and used for fertilizer or mixed with stock feed

Medicine from the Farm

THE STATE of Maryland is famous for its "free" status, rye whiskey, horse races and orioles, but the little Chesapeake state has never sought fame as the center of production for wormseed oil, a specific for intestinal worms in both man and beast.

Wormseed is grown on a plant of the *Artemisia* family, of which sage brush is the most familiar example. Oil from the seeds has been found to be of value as an anthelmintic in the treatment of hookworm cases and was used extensively for this purpose during the World War.

The area where it is grown contains a gravelly, flinty loam in a belt about five miles wide and 20 miles long that extends in a southwesterly direction from Westminster, Md.

The wormseed plant must be raised and tended as carefully as tobacco. When the young plants are about four inches high, they are set out in the fields about 18 inches apart and in rows three feet apart. The crop is harvested in late September. The stalks must be gathered by hand because the jar of cutting blades on a mower shakes off the seeds.

After the plant is cut, it is subjected to steam distillation for about half an hour in huge iron vats equipped with heavy lids which are clamped down to form a perfect steam tight fit. The yellowish colored liquid, mixed with steam and water, pours out of the bottom into pipes that are run through long troughs of water to aid condensation.

The seeds of the plant produce a burning sensation on contact with the skin and are a constant source of annoyance to the workers.

From 30 to 40 pounds of oil to the acre is regarded as a fair average yield. It is shipped in drums of about 120 pounds capacity. A large portion goes into export trade, England being the principal customer at present.

—STANTON TIERNAN

More for your **MONEY in the ROTO SECTIONS**



• Rotogravure has been called the new, efficient medium because it eliminates advertising waste in three ways. ❶ It enables you to concentrate in markets where business activity is concentrated. ❷ Its saturating coverage blankets outlets just as efficiently as it blankets prospects. ❸ Its high visibility increases the audience for any ad regardless of position. On this point the Gallup research bureau has discovered that the average advertising space in rotogravure is seen by more than three times the number of people who see the average advertising space in other sections. The effect these three qualities can produce on sales is traced on the next page in the experience of the Fidelity Investment Association.

ROTOGRAVURE HELPS Establish A RECORD

Organized 1911

FIDELITY INVESTMENT ASSOCIATION

Wheeling, West Virginia

OFFICES IN PRINCIPAL CITIES

February 1, 1938.

OFFICE OF THE VICE PRESIDENT
AND DIRECTOR OF AGENCIES

Kimberly-Clark Corporation.
8 South Michigan Avenue.
Chicago, Illinois.

Gentlemen:

Fidelity's advertising program for 1937 was designed to effectively reach as many people as possible in the 50 cities where we maintain branch offices.

Obviously, this was a job of concentration. For this reason, a large part of our advertising expenditure was directed to newspapers. Rotogravure sections were chosen because of their great attention value and reader interest. Our main intent was to familiarize the public with the name Fidelity and to build up a background for our salesmen when they called on a prospect and outlined Fidelity's plan for accumulating funds for future needs.

We were especially pleased, therefore, when our rotogravure advertisements brought in a most satisfying number of direct inquiries. These came to our local offices and our headquarters here in Wheeling.

Of our various media classifications, the rotogravure campaign produced, at lower cost, a greater number of inquiries and a greater number of direct sales than any other form of advertising we employed.

1937 proved to be the most successful year in our history and we feel the record we established for ourselves in sales and the growth of resources speaks well for the job rotogravure did for us. We frankly give rotogravure credit for playing an important part in our 60% volume increase over 1936.

Sincerely yours,

Carroll D. Evans

CARROLL D. EVANS, Vice President
and Director of Agencies.

CDE:SWA

AN INSTITUTION DEVOTED TO THE BUILDING OF GUARANTEED INCOMES

"HE WON'T BE READY TILL 1955 . . .

but I started him through
college today!"

NEXT month, college careers begin for hundreds of thousands of fortunate young Americans . . . educations that will enable them to average nearly 3 times as much income as high school graduates . . . more than 4 times as much as those who only go through grade school.

It takes money to get a college education and yet parents need never be rich to assure it for their children. A few dollars a month set aside in a Fidelity Income Plan will take care of tuition and all the other expenses . . . will see to it that your child has the funds to finish college—something that only 1 child out of 50 who starts grade school is ever able to do.

The Fidelity Income Plan is so

flexible you can apply it to any other future financial need . . . provide yourself with comfortable retirement income for the sunset years . . . have funds for the things you've always dreamed of doing.

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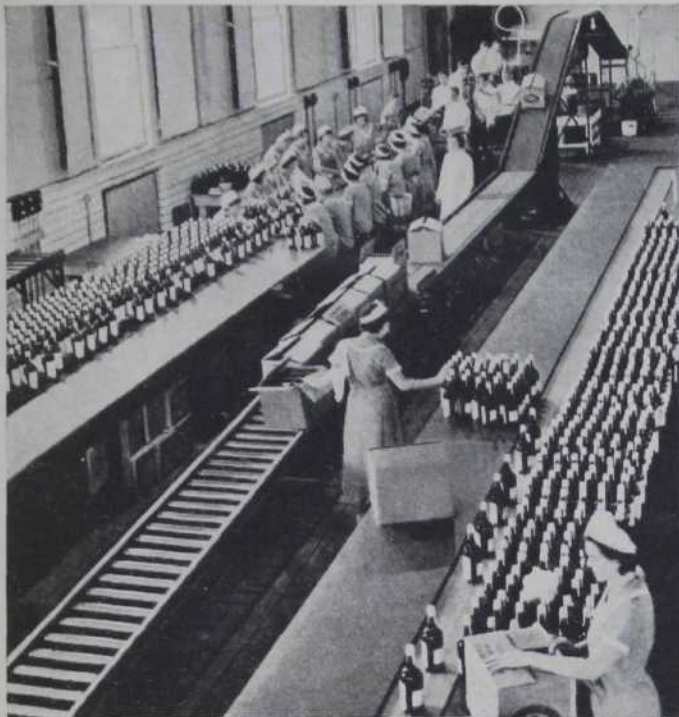
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Industry's Interior Highways

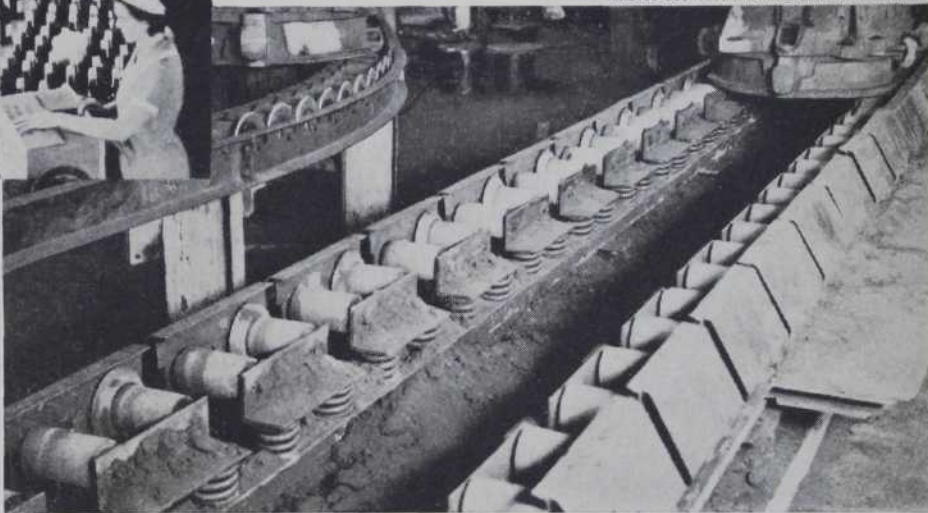


Empty cartons are conveyed from warehouse to packing tables on belt conveyors



Kitchen utensils in process of decoration are moved from ovens to decorators' stations at right angles to belt

PHOTOS COURTESY MATHEWS CONVEYER COMPANY



For heavy industry, roller axles are locked in the frame, but the frame is carried on pre-compressed coil springs which help to distribute the load

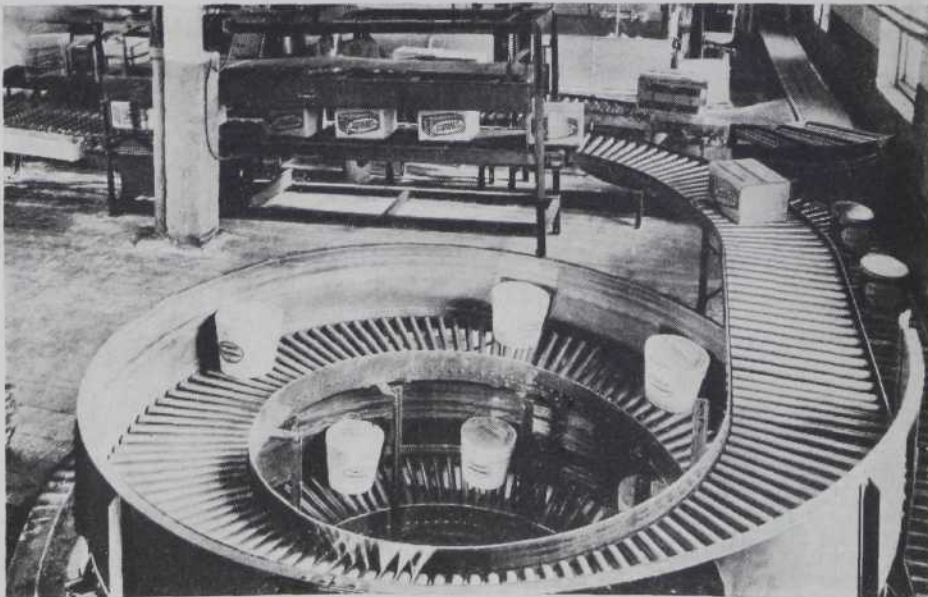
THE basic principle of handling materials by a moving belt or roller is now being recognized in the design and building of entire factories. In the not too distant future, the conveyor system for the whole plant may be first designed in all of its details and then the architect will plan and the builder erect the plant structures around it.

In a series of booklets showing how continuous flow systems are used to expedite production in some 30 major fields of manufacturing, the Mathews Conveyor Company uses illustrations such as those pictured here to give an indication of the variety of methods that can be used to transport materials through a factory.

Materials are handled in such systems by rollers, wheels, belts, chains, by their own gravity or propelled by power, by spiral chutes or rollers from floor to floor, from or into furnaces and ovens, from building to building. Most systems call for the combination of several types of equipment.

Inclined and declined movement and change of direction, switching, transfer, up-ending or turnover call for simple modifications, but the essential principles of the system remain the same. When the weight of the load is heavy larger rollers are used and consequently more area for size is available. The only absolute requirement for roller-borne loads is a flat surface of contact extending over at least two rollers. When the material does not provide this in itself, it must be provided by a platform or skid which moves with the load.

Analysis of modern production shows that a great part of over-all production time is consumed in handling materials between processes. Mastering this rehandling problem has helped to make the automotive industry one of the most efficient in all history. More recently this same principle has given the steel industry the continuous strip and sheet mill, tripling the tonnage of sheets in a few years.



Containers may be sent to shipping platform over belt conveyor or lowered to cold storage area on roller spiral conveyor

Speaking of Finance

By EDWARD H. COLLINS

Associate Financial Editor, New York Herald Tribune

THE OBJECTIONS most often made to the Administration's theory that depressions can be overcome by large-scale spending and lending are three:

FIRST, that inflation of the price structure may result.

SECOND, that the Government's credit may be endangered.

THIRD, that a legacy of debt is left behind which will eventually have to be paid off out of taxation.

These are weighty objections. Any one of them should be serious enough to give a prudent government pause.

Yet that is not really the full bill of complaint. Equally serious are the by-products of the process of raising

and disbursing vast sums. What changes in the economic life of the country are entailed by a steady expansion in the public debt? What happens when the federal Government seizes on the business of lending money and tries to make it affirmatively useful in mastering depressions? The answers to these questions are not reassuring.

The Treasury has drawn more than half of the funds to finance its spending and lending activities from the most vital sources: from the commercial banks, the mutual savings banks and the life insurance companies. From them it had borrowed \$19,000,000,000 by the end of last year.

The Treasury did not raise much of its money in the past five years by appealing directly to the people. It chose, rather, to go to the institutions which gather in the public's savings. After years of deficit financing, the solvency of these institutions depends to a disquieting extent upon the soundness of the Treasury's credit. It is a cumulative process: the more money the Government raises for spending and lending, the greater the diversion of funds from the normal channels of employment.

Banks make forced loans

IN GIANT strides the federal Government is progressing toward a goal not unlike that already achieved in Germany, where the State requisitions the resources of financial institutions to pay its bills. More and more the savings banks and life insurance companies become collecting agencies for the federal Government. Whenever the commercial banks show signs of concern over the public debt, the Government douses them afresh with excess reserves, which are nearly as effective as a governmental decree in forcing them to buy more of the Treasury's obligations.

Consider, first, the changes that have been wrought in the backing of life insurance policies. In 1929 the life insurance companies were employing 91.5 per cent of their resources in financing the activities of private citizens and corporations. Forty-two per cent of their funds were invested in farm and urban mortgages; 37 per cent were invested

From a Business Man's Scratch Pad . . . No. 26



BIG BUSINESS—NO. 5



17 Billions for Government

IT IS costing the American people more than 17 billion dollars a year to have themselves governed. This total—representing the cost of federal, state, county and municipal government—is equivalent to 25 cents out of every dollar of national income.

Who pays this bill? It cannot be paid by wealthy people alone, because there are not enough of them. If all people with net taxable incomes of \$5,000 or more for 1935 had been compelled to turn over to the government all their income in excess of \$5,000, the sum collected would pay only about 1/5 of the present annual cost of government. Thus the great bulk of the tax bill must be paid by the small wage earner. He pays it in the form of "hidden taxes," which fall on poor and rich alike, and are a part of the cost of virtually everything that everyone

buys—food, clothing, shelter—all the necessities as well as all the luxuries. These "hidden taxes" are estimated to account for 70% of the total tax revenue.

But everyone, rich or poor, can pay his taxes, whether direct or hidden, only out of income that has its source in private business. For income taxes, real estate taxes, sales taxes and all other taxes paid by individuals come out of salaries, wages, or other income received in private business endeavors.

Without private business the people would have no income with which to pay taxes. Whatever hurts business hurts all of the country's 130,000,000 people, and jeopardizes the national income from which all costs of government itself must finally be met. No business—no income. No income—no taxes. No taxes—no government.

As bankers for commercial and industrial enterprises, it is part of our responsibility to contribute something to a better understanding of the facts about private business.

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in corporate securities, mainly railroad and public utility obligations.

Only 2.0 per cent were in United States government securities and only 3.4 per cent were in state, county and municipal issues. They deemed 0.8 per cent of their assets to be sufficient cash.

By the end of 1937 the asset side of their condition statement had changed. Only 19.3 per cent of their resources were represented by mortgage loans. In discussing the reasons underlying this trend in life insurance mortgage investments, Arthur M. Collens, president of the Phoenix Mutual Life Insurance Company, of Hartford, Conn., said at the twenty-ninth annual convention of the Association of Life Insurance Presidents:

One of the chief influences on the competitive mortgage market has been the entrance of the federal Government and its instrumentalities into the mortgage lending field, thereby materially reducing the demand for such credit and tending to create a paucity of mortgages available to other lending agencies, such as insurance companies, savings banks, building and loan associations, and mortgage companies which constitute the principal private institutional mortgage investors.

Financing their competitor

IT was not that the insurance companies did not have the funds with which to make mortgage loans. It was merely that they had to compete with the instrumentalities of the federal Government for the supply of available mortgages. Unable to get the mortgages, they have to buy government securities and thus in a sense finance the competition against themselves. The government security investments of the life insurance companies expanded by \$4,100,000,000 in the past eight years.

Balked by government competition in the mortgage field and the imperfect functioning of the capital market from placing their funds immediately at the disposal of private industry, the insurance companies had no choice but to buy government securities.

This same scarcity of the traditional life insurance investments caused the companies to build up their cash to a total of \$625,000,000, or six times their 1929 holding. By the same token, they had to buy more than \$1,000,000,000 more state, county and municipal bonds and Canadian government and Canadian political subdivision bonds. Here is a clear cut example of the frustration by the federal Government of the normal tendency of private savings to flow into private employment.

The situation with respect to the mutual savings banks is different on-

ly in degree, not in kind. In the seven and a half years ended December 31, 1937, loans of mutual savings banks declined approximately \$900,000,000. At the same time, their investment in government securities increased by more than \$2,300,000,000 and their cash increased by 60 per cent, or more than \$200,000,000. The 563 mutual savings banks, with deposits of \$10,250,000,000, have \$2,500,000,000 now in excess cash and government securities which they could put into private employment.

Passing on to all banks in the United States, including the mutual savings banks, we find that bank loans have been nearly cut in half, holdings of government securities have expanded by 250 per cent and cash has risen by 72 per cent. Here again the finding must be that a short circuit has developed in the flow of private funds into private employment. The Government has interposed itself between borrower and lender.

One dollar out of every \$5.50 which the life insurance companies have has been placed at the disposal of the federal Government. In addition to using 18.2 per cent of the funds of policyholders of private life insurance companies to finance its projects, the Government is using all of the funds which have been paid in to the Treasury for old age benefits and unemployment insurance. From the beginning of 1936 to date, the Treasury's collections on social security account totalled more than \$1,300,000,000. The Government appropriated all of these funds for its own uses, giving in return only its special certificates, which are not marketable and can be cashed only by call on the Treasury. The soundness of much of private insurance and all of public insurance depends on the ability of the Treasury to raise money through sale of securities. The solvency of the Federal Deposit Insurance Corporation depends entirely on the Treasury's credit rating. That is all the more reason why the Treasury's credit should be guarded against injury. It is an awesome trust to place in a governmental department.

On the one hand, the Treasury has monopolized the capital markets to a considerable degree, substituting its promises to pay for obligations self-liquidating by the processes of production. On the other hand, to make its lending theories effective, it has elbowed aside the traditional private agencies that have always filled the country's credit requirements.

Calling the roll of the agencies operating entirely on government funds, we find:

Reconstruction Finance Corp., Commodity Credit Corp., Export-Import

Bank, PWA, United States Housing Authority, FHA, regional agricultural credit corporations, production credit corporations, Panama Railroad Co., United States Maritime Commission, war emergency corporations and agencies, Disaster Loan Corp., Electric Home and Farm Authority, Farm Credit Administration (crop production and other loans), Farm Security Administration, Federal Prisons Industries, Inc.; Indian Rehabilitation Loans, Inland Waterways Corp., National Mortgage Corp. of Washington, Puerto Rico Reconstruction Administration, Rural Electrification Administration, R.F.C. Mortgage Co., Tennessee Valley Associated Cooperatives, Inc., TVA, and loans to railroads, municipalities, etc., directly by the Treasury.

The agencies financed partly from government funds include the Federal Land Banks, Federal Intermediate Credit Banks, Federal Farm Mortgage Corp., Banks for Cooperatives, Home Owners' Loan Corp., Federal Savings and Loan Insurance Corp., federal savings and loan associations, Federal Deposit Insurance Corp. and War Finance Corp. (in liquidation).

In all, 34 governmental corporations and credit agencies implement the Treasury's spending and lending program.

A mushroom growth

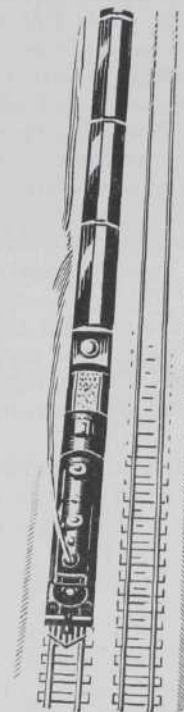
THESE lending subsidiaries had \$11,839,000,000 of assets on March 31, 1938, including \$7,618,000,000 of loans, and owned \$791,000,000 of preferred stock. They had accounts receivable of \$266,000,000 and owned \$403,000,000 of real estate and other business property. The mushroom growth of these lending agencies has come in the past five years. They have \$7,600,000,000 of loans, compared with \$17,400,000,000 for the commercial banking system. At the middle of 1929 the commercial banks had \$35,500,000,000 of loans. The government mortgage agencies hold more mortgages than either the life insurance companies or the savings banks.

Such is the price exacted by the theory of spending and lending as a cure for depressions. A big public debt, arising out of government profligacy and easy loan policies, means heavy taxes for years. But it means also that the savings of the people are drained off and used in this speculative game. It means that the Government sets itself up before industry—before small business, the railroads, the utilities, the home builders, the constructors of commercial buildings, the farmers, the exporters and importers and the steamship companies—as the source of capital.

It means that the private lenders are further removed from their usual clients; that the circle of private enterprise narrows and the circle of government enterprise widens.



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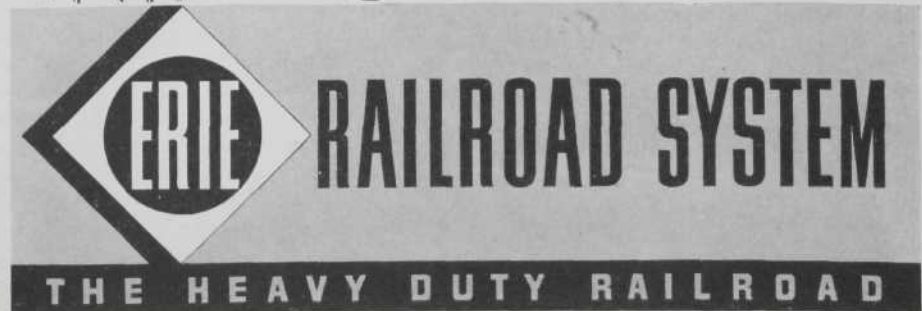
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The Communist Formula for Revolution

(Continued from page 26)

Communists have an enrollment of 75,000 and perhaps 1,000,000 admirers. This is an increase of 100 per cent since 1935; 700 per cent since 1930. But Communists don't rely on numerical strength to turn things upside down. As Communist J. Peters explains, they are "the general staff of the proletariat." This is strictly according to Lenin, who taught that the Party should be a nucleus of trained lieutenants, ready to take command of the workers when the first shot was fired.

Makings of a Communist

LET'S take a closer look at these stalwarts. Here is a fellow who is down on the world; maybe with justification. He reads about Communism. The revolutionary overthrow of capitalism, the dictatorship of the proletariat, the abolition of class, the classless Communist society, have an appealing ring. He hears it is only necessary to sell the workers on the idea that they belong to a distinct class, and that all bosses, exploiters, capitalists and their henchmen are enemies of that class. Then all he and his Comrades have to do is follow Lenin's advice and be on the lookout for a time of "infantile disorder" when the ruling classes are in "a state of governmental crisis" and the Government sufficiently weakened to "make it possible for the revolutionaries to overthrow it rapidly." Of course, Lenin also pointed out that the workers must be "ready to sacrifice their lives."

This looks like a sure cure for the ills of the world. Or, maybe the poor chap just yearns to be a martyr. Anyway, he gulps the bait and awaits *Der Tag*.

The first thing the Red recruit finds out is that it is easier to become a Communist than to remain one. While you remain in the Party you will do exactly as you are told. In the back of each Communist's membership book are printed these words of Lenin's, "He who weakens, no matter how little, the iron discipline of the Party effectively helps the bourgeois against the proletariat." The novice Communist is told that, if at first the discipline frightens him, it is because he has been intimidated by the bosses.

Before we look further into the Party's activities in this country we should understand its relationship to the Stalin dominated Communist International, from which the U. S. Party holds its charter. To obtain

that charter the Party in this country had to promise that all propaganda and literature would be truly Communist, corresponding to the program and decisions of the C. I., be wholly subordinate to the U. S. Party's Central Committee, and be edited by tested Communists. The Party in this country agreed to have a parallel illegal apparatus "which at the decisive moment could assist the Party in performing its duty to the revolution." It agreed that when "Communists are unable to carry on their work legally, a combination of legal and illegal work is absolutely necessary."

When the Presidium, or governing body of the C. I., lays down the "Party line" it must be carried out by Communist Parties all over the world. Those who "deviate" are called to Moscow for trial and dismissed. Before we recognized the U.S.S.R. Stalin used to whoop it up for the American revolution. Either he got disgusted when the boys failed him, or he became trade-minded following recognition. At any rate he has become as reticent as an office boy the first day on the job.

One can't help wondering how many Party members know the conditions of admission to the C. I. Especially since they signed an application card reading:

The undersigned declares his adherence to the program and statutes of the C. I. and the Communist Party U. S. A. and agrees to submit to the discipline of the Party and to engage actively in its work.

Small units retard spying

WHEN one with an economic and social grouch has signed up, he is assigned to a Unit or Branch, the basic organization of the Party. Unit membership is held down to about 30 to prevent unlimited exposure of membership by the spies Communists are always worrying about. Units are organized for individual plants and for a whole industry within a certain territory. Branches are neighborhood organizations of about 50 members, based on political subdivisions such as wards and assembly districts. Incidentally, many Communists don't give their right names for the Party rolls, and are even known by their assumed names to fellow Communists.

The Units and Branches meet once each week, sometimes in a Comrade's home, often changing the meeting place to fool those old spies. The organizer will be there to explain

the duties and responsibility to the Party; new members will be congratulated upon their graduation into manhood and will probably be introduced to the Agitprop, in charge of agitation and propaganda. This little Lenin aids their mental growth and develops them into unquestioning Communists. He does it by schooling them in theory and directing them to read the *Daily Worker*, certain pamphlets and American and Russian magazines.

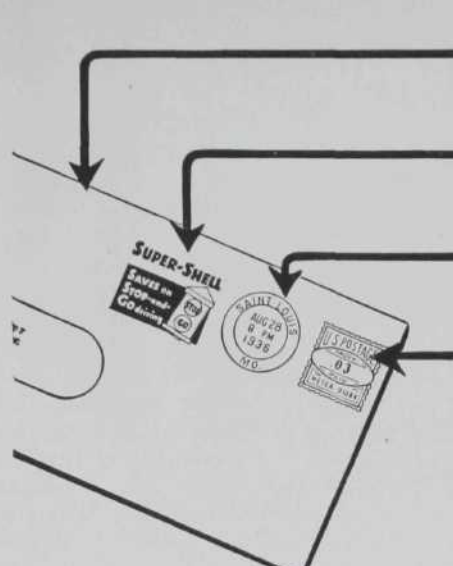
The high note of every Unit meeting is the assignment of Party tasks to each member. It might only be selling the *Daily Worker* or packing the court room during a Comrade's trial. Or it might be one of those sit down, lie down and shout down demonstrations that Communists do so well. These assignments are commands from Party headquarters.

Boring from within

IF THE new member does skilled or unskilled labor, the Communists will be particularly cordial. They will probably assign him to an Industrial Unit, composed of Party members from various factories in the same industry, in a given area. This Unit concentrates on one factory at a time, aiming to establish a Shop Unit. If the new member is the only Communist in his factory they will expect him to place one or two more Comrades in the plant. If it is a large company they will be grateful because workers in such plants are better disciplined, more militant, and have greater influence upon the general body of labor. If it is a "basic" industry that makes it more attractive. If he works in a "key" department it is ideal.

Comrades will assure him that, if properly handled, the Shop Unit can be organized and function without discovery. The Industrial Unit and the Branch in the vicinity will aid by distributing literature and making speeches at the factory gate. Comrades inside the plant will be shown how to get out a shop paper with Communist propaganda but without the Party label. The Party aims to have a Shop Unit in each department of the organization. Every so often all Units in any one plant meet and decide on a general policy. Decisions reached are binding upon all Communists in that plant unless a higher Party committee rules otherwise.

Once Mr. Red has his Shop Unit set up, he is expected to learn all about the corporation's earnings, profits, dividends, the pay of executives, how many cars and servants the executives have, the kind of homes they live in, and their political connections, if any. Communists are requested to join and help build



The diagram shows a hand placing a letter into a postage meter. The meter is labeled 'SUPER-SHELL' and 'SAVES IN SHOPPING GOVERNMENT CO. SAVINGS'. It also features a circular postmark reading 'AUG 28 8 AM 1938' and a rectangular stamp reading 'U.S. POSTAGE 03'. Arrows point from the text 'sealed!', 'sloganed!', 'postmarked!', and 'and STAMPED!' to the corresponding parts of the meter's output.

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sloganed!
postmarked!
and STAMPED!

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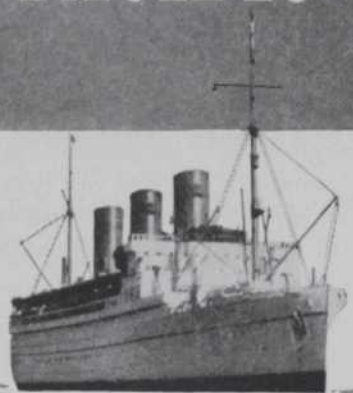
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the union and to strive to become officers of it.

When the Shop Unit is established, the Communists get busy organizing "The United Front." This consists of getting the workers in a ferment, undermining the influence of moderate labor leaders, agitating for and leading strikes. Communists form a United Front with non-Communists for action on agreed demands. Unity of action is the only condition. The Communist idea is to raise so much hell they gain the leadership of the United Front, thus enabling them gradually to commit the workers to the Party's views on the civil war in Spain, Soviet Russia, city, state and national elections, Hitler, Mussolini, Japan, President Roosevelt, William Green, John L. Lewis, and any other cause that strikes their fancy or interests the Comintern. What starts out as a united front for higher wages and better working conditions becomes a Communist agitation and propaganda agency.

The same tactics are applied in the unions.

The Party's work in the unions is not confined to members working through Industrial and Shop Units. They also have what are known as

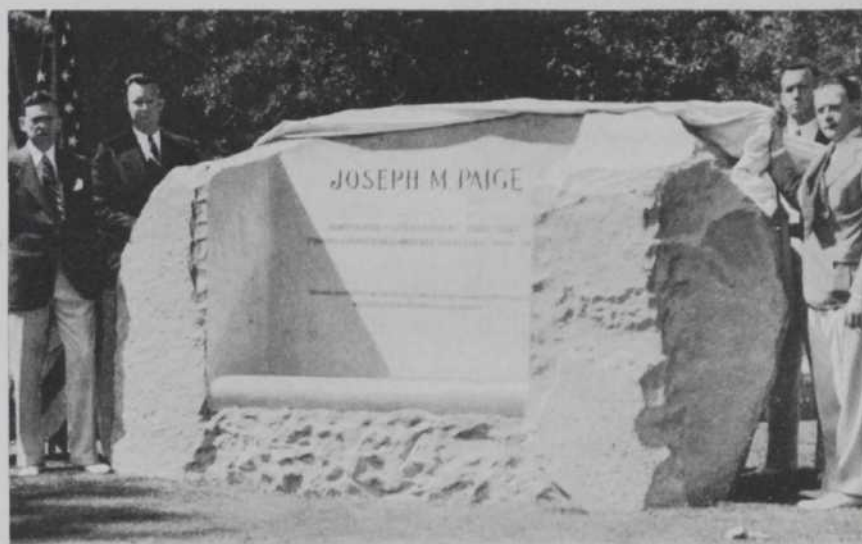
Fractions, or Party agitators who join not only unions, but all organizations of the unemployed, fraternal, cultural and sports organizations having a large "working class" membership, and any other mass "workers" organization.

Active on many fronts

THUS the Communists are active where men work, through the Industrial and Shop Units; where they live, through the Branches; where they protect their economic interests, through the Fractions in the unions; and where they have social and recreational facilities, through the Fractions in various kinds of clubs and associations.

While Shop and Industrial Units are organizing "The United Front" within their sphere, the Fractions are doing exactly the same thing within the other organizations. This is where the "iron discipline" of the Party comes in. Orders go out from the top men to the lower Party organizations.

Consequently, all Units, Branches and Fractions begin to strike the same notes at the same time, the purpose being to create as much dis-



Homage to a Secretary

"IN COMMEMORATION of his untiring efforts toward community betterment, his friends dedicate this lasting tribute," reads the inscription on what is believed to be the first monument ever erected to the memory of a Chamber of Commerce secretary.

The memorial seat erected in Ganesha Park, Pomona, Cal., was dedicated to Joseph M. Paige, secretary of the Pomona Chamber of Commerce for 14 years until his death in 1936. Four men who had

been members of the first Pomona Boy Scout troop, organized by Mr. Paige, unveiled it at the dedication.

Before his chamber secretaryship, Mr. Paige was parks superintendent from 1909 to 1922. He was also a Sunday School superintendent for 28 consecutive years. He founded, headed or served organizations to advance agriculture, horticulture, city and regional planning, highways, education, patriotism, forest conservation, welfare and charter reform.—Grace K. Plant.

cord as possible as an overture to the revolution.

At present the Communists are trying to weave a spiritual bond with those opposed to Fascism. They talk much about rallying the masses against imperialist war and Fascism, adding a catch line about defending the Soviet Union. If one condemns Fascism the Comrades embrace him. If one merely condemns Communists, or any of their pet objectives, he is branded a Fascist. If one has liberal ideas that do not coincide with Communism he is a "social-fascist agent," or a "Left social-fascist agent." If one is reasonably conservative he is a "chauvinist," "Yankee Imperialist" or "Capitalist." "Liar," "Rat," and "stool-pigeon" are also favorites. You are either a Communist sympathizer or you are a Fascist. To divide people between Communism and Fascism the Comrades have stopped talking about "world revolution," make a pretense of loving democracy. The result is that Communists impeach the sincerity of anyone who supports democracy but who will not support the popular front organized, managed and distorted by them. This might work out very nicely for the Reds if we were a nation of morons.

Linked to many sympathizers

THE significance of the Fractions is that, simply through persistent and disciplined agitation and propaganda, they gain undeserved position and power and steer the organizations sharply to the left. Thus they link the Communist Party to hundreds of thousands of ostensible sympathizers.

Although the Communist Party has only about 2,600 Units (including 600 Shop Units), and unrevealed hundreds of Party Fractions, nevertheless today there is a persistent note of optimism in Party comments on the immediate outlook. Some of this optimism is sound because the Party's influence and strength has been on the upgrade. However, optimism is chronic with Communists. Everything is dramatized, and cast in language that is alternately ponderous and comical.

At present the Communists are enthusiastic about the CIO and its leaders. The Party's Pacific coast paper, *The People's World*, recently went off the deep end in an editorial when it said of the CIO, "Communist support has been one of the chief factors in building it up to 4,000,000 membership." The Party instructs its agitators to "base" themselves on "the speeches of John L. Lewis, the decisions of the historic CIO national conference, the progressive issues raised by Roosevelt himself."

This is not surprising since industrial unionism is a step toward the

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It can stand a lot of punishment. Made of tough copper steel. Heavily galvanized after weaving, it resists rust. Cyclone Fence with the "12M" label has a coat of galvanizing so heavy that it will stand a minimum of 12 one-minute immersions by the Preece Test. It lasts longer, yet it costs you no more.

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1838—A CENTURY OF SERVICE—1938

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Communist goal of one big union for all.

Nevertheless, the Reds distrust Lewis, for one reason because of his salary. As one Communist said to me, "But we will play along with him as long as it suits our purpose."

Communists support the American Labor Party in New York City and State apparently because they see visions of the revolution arising out of the formation of a Farmer-Labor Party. The American Labor Party seems to them an excellent foundation for such an alliance.

In their zeal to build the United and People's Front the Communists would have us believe they will be satisfied if all liberals and progressives join with them in bettering working conditions, raising wages, and fighting war and fascism. However, Georgi Dimitroff, Secretary of the C. I., reminded his American Comrades that "When we carry on a resolute struggle for the defense of democratic rights and liberties, against reaction and fascism, we do so as Marxists, as consistent proletarian revolutionaries and not as bourgeois democrats and reformists."

Supplementing these activities is the Party's attack on the cultural front. Communist writers, artists, dancers, actors, musicians, playwrights, are kept on the "Party line" through various leagues, federations, guilds and clubs.

Of course, any cultural activity not soaked in social propaganda is Fascist, or worse. In 1932 the Communists held an all Marxian Olympic games in Chicago, in defiance of the capitalistic Olympics at Los Angeles. Undoubtedly all the Comrades finished first at Chicago.

Seeking Catholic members

PERHAPS the most futile activity of the Communists is their campaign to enlist Catholics. Their procedure is to attack as "Fascists" priests and laymen who are most vigorous in condemning Communism, stress the unity of Catholics in fighting fascism, hail religious freedom and tolerance, and plead for Catholic support, assuring them the Church can have no valid objection. If a Comrade signs up a Catholic it's almost as big a triumph as snaring a Morgan partner.

The real attitude of the Communists toward all churches and religions, however, can be learned by buying a few booklets at the Communist book store in the same building with the Party's headquarters. You will read that Communism regards all churches as agents of capitalism, that religion is "the opiate of the people," that "The sight of a poor man amusing himself arouses a feel-

ing of moral indignation in a well-trained religious capitalist."

Although Communism is a workers' movement, the Party is eager to enlist recruits when they have reached the age of eight. In fact, there is a little Communist Mother Goose Book used to prepare infants for life at the barricades. One bit of proletarian verse from this book goes like this:

Hickory, dickory dop,
The boss cheated in the shop,
The workers struck as one,
The boss thought it no fun,
Hickory, dickory dop.

When the little Communist is eight he may join the Young Pioneers. When the boys and girls are 15, if they are still good Communists and have not acquired a sense of humor, they can graduate into the Young Communist League and stay there until they are 21. This is an organization of about 16,000 members.

Party members are trained

THE young men and women in this League are trained in rebellion, if not treason. Gil Green, their National Secretary, said, "Our generation shall have the honor of overthrowing bloody U. S. imperialism." The League's convention in 1934 spoke of preparing youth "to resist war and when war comes to transform the imperialist war into a civil war."

Some may wonder how such a small group makes itself heard above other more attractive and powerful forces in American life. The answer is not—as Communists would have you believe—because they are intellectually superior, championing a logical and irrepressible cause. Rather, it is because every Communist must study, apply what he has learned, and study again. If a Comrade drifts from the true faith he is firmly put back on the "Party line." If he continues to falter, he is told what to believe. If this fails he is given a dose of theoretical literature. If that fails he is on his way out. Sometimes Communists are expelled for too much drunkenness or wife beating.

The Communist recruit is told to prepare and train himself for the always impending revolution. Although the Party has about 300 schools, wherever Comrades gather is really a training school for agitating and accomplishing the revolution. They study a variety of subjects, such as the teachings of Marx and Lenin, the history of the Russian revolution, the party version of life in the Soviet Union, strike tactics, revolutionary traditions of America, Marxian distortions of American history, various forms of agitation and propaganda, labor history, economics, history of the Negro problem, im-

perialism, the Russian and Spanish languages, and generally what an awful place the United States is.

Party organizers are trained in special schools. About ten per cent of the students become full-time Party workers. The Workers' School in New York, with an annual registration of 10,000, is the largest Communist school. The courses cost little. The Party is planning to offer correspondence courses. They will probably be relatively tame since the Postal Department is not intimidated by Red bluster.

Another explanation for the attention-attracting capacity of Communists is found in the "iron discipline" laid down by Lenin. The members of each Unit and Branch elect a bureau to manage its activities. Full discussion is allowed until a decision is reached. After that discussion must cease and all must obey the decision. But a Communist must never question the basic principles and decisions of the Party, including the Comintern. And yet Communists say "Democracy" without laughing.

The "democratic centralism" Communists talk about is merely a system whereby lower Party organizations elect governing committees, the members of which must be approved by the next higher committee, right on up to the Central Committee, which must report to the Comintern. This may be Russian democracy; it is not American.

Where does the money come from?

UPON considering the multifarious activities of Communists one with a "middle class ideology" instantly wants to know where they get all the money. That is one thing Communists don't talk about, except to appeal for more. Of course, the Party would accept funds from Moscow, but it is commonly believed that, since 1929, no substantial aid has come from that source. Before 1929 the Party is said to have received about \$200,000 annually from Russia. Incidentally, the Party owns no real property for fear of confiscation. The Party dues of an unnamed capitalist are said by officials to total \$10,000 annually.

The Party explains its income is derived only from membership dues and contributions of members and sympathizers. High as they are, it seems unlikely the Party could do all it does without additional funds. The dues are:

MEMBER'S INCOME	MEMBER'S DUES
\$15 to \$25 a week	25 cents a week
25 to 30 " "	50 " " "
30 to 40 " "	75 " " "
40 to 50 " "	\$1.00 " "

Over \$50 a week income—Dues of \$1.00 a week plus 50 cents for each \$5.00

BACK OF A NAME

The things a company stands for give meaning to its name

A name is just a title, according to Noah Webster. But in business a name is both a title *and* a definition. Take the name of a firm, for example.

On its products does the name mean good value, faithful performance, fair prices?

Over the counter does the name command consumer confidence, spell quick turnover, mean customer satisfaction?

In the community does the name stand for civic-mindedness, fair dealing to employees, forward-looking management?

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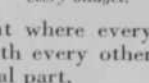
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above \$50.00. Unemployed members pay two cents a week dues.

In addition, the Comrades toss in an extra week's dues every month or so for the Communist International, an occasional month's dues for the American Party convention, and once a year a day's pay for the *Daily Worker*. Special assessments must be authorized by the Central Committee and the National Convention. But if you don't have special assessment stamps in your membership book you are not a member in good standing. Four weeks in arrears on dues and a Comrade is in the doghouse; if he falls three months behind they may turn him back to the capitalists.

If anyone thinks a Communist has fulfilled his duty to the revolution when he has studied Marx and Lenin, organized a Shop Unit, joined the union and created dissension, instigated strikes, joined the picket line and cracked a skull or two, handed the Party all his spare cash, and generally made of himself a "renegade" (popular Red word) American, then he is mistaken. In between these activities the Comrades engage in soliciting funds and members. "Fatigue is a bourgeois trait."

Last September the Party began a four months drive for \$500,000 and a paid in membership of at least 75,000. The keynote sounded for this campaign was that the Reds and Fascists are racing neck and neck for control of the United States.

About one-third of the money was raised through cardboard folders with slots for dimes. Each Comrade was requested to carry two of these folders with him, one for his own dimes, the other for any dimes he could attract.

Charge your guests admission

IF YOU hate to charge friends admission to a house party you had better not join the revolution. For the Comrades are urged—if not requested—to have parties in their homes, invite their friends, charge admission, and turn the proceeds over to the Party. Bridge, pinochle, and bingo parties net from \$15 to \$30. All they need is a house and three or more persons. The Party's fun-making experts do the rest. It might be a cocktail party, although the more somber Comrades declare that drinking is done only to escape the unhappiness of capitalistic life. Anyway, they do have cocktail parties and some of the lads and lassies forget to be grim and conspiring. Some Comrades ran amateur auctions, another had a Christmas Eve party with carols, balsam, Vermont maple syrup, and "all the traditional trappings of a typical country Christmas—admission 25

cents." It was held in a Greenwich Village apartment.

Many Units sponsored dances and lectures. Discounts of 30 per cent were obtained on tickets to left wing plays and theater parties were organized. Other Units organized football and basketball games, and picnics.

Some indication of where the money goes was given a New York *World-Telegram* reporter. Out of New York State's quota of \$240,000, the *Daily Worker* gets \$90,000, 30 State training schools coaching 700 future Party organizers get \$45,000, Negro "concentration" \$10,000, neighborhood work by Sections and Units \$80,000, election broadcasts \$5,300, printed election matter \$5,000. The Party's New York State platform was printed in German, Yiddish, Spanish, as well as English. Of the money raised, \$60,000 is to be used to publish a Communist daily at Chicago.

The importance of the drive for new members is indicated by the fact that the Communists have difficulty retaining their members. In 1935 a Communist writer said that a majority of the members had been in the Party less than two years. If they didn't recruit new revolutionaries the Party would soon die.

Another reason the enlistment of new members is important is that seven years ago the Communist International decided the Party should become a mass political party of the American working class. In 1931 the Central Committee of the U. S. Party declared that "the first beginning of the turn to mass work was made." It is not yet a mass party.

Although a Comrade will go after any likely prospect, nevertheless the Reds have their favorites. For example, they want workers who are good fighters on the picket line. They want forceful, fearless leaders "trained in militant action of the masses." And too, the Party is looking for more native Americans.

When the recent drive ended January 21, the Party had added more than 20,000 new names to its rolls. About 8,000 of these were from New York State.

An amusing thing about Communists is their sweet reasonableness when they think the general public is listening. Upon such occasions they love democracy, despise force, and speak carefully about how they expect gradually to establish Communism in the United States by legislation.

But in a message to Communist parties throughout the world, the Comintern, in 1933, said:

There is no way out of the general crisis of capitalism other than the one shown by the October revolution (Russian revolution). . . . The general strike

and armed uprising are the only road for the proletariat.

The message warns the Comrades to be prepared "to go underground." That's one of their pet phrases. The message reminds them to keep everything secret.

Sympathetic commentators sometimes explain that the Reds become so immersed in their mission that dogmatism replaces skepticism without the victim knowing it. However, what are often called inconsistencies are in truth deliberate insincerities. When ideals get in a Communist's way they are discarded.

Strife within the party

IT IS possible some of the ill-humor of Communists is due to the factional strife that has so beset the Party in recent years. The most intense feud is between the Stalinists and the Trotskyists. One evening a group of Trotskyists stood outside a Stalinist bookshop in New York City shouting, "Stalin drinks the blood of children." The Stalinists inside the bookshop almost went out of their minds. Instead of appreciating the humor of it they had to keep reminding themselves they were in America where free speech is the right of all.

One could hardly read about this conspiring, plotting, scheming and incipient rebellion without wondering what will come of it all. Although we would be foolish to laugh it away altogether, nevertheless the Communists are not nearly so dangerous as they think they are. In the first place, the Party has been at the business of organizing the revolution for 19 years and appears to be little further advanced than at the start. This in spite of a terrible depression and a troubled world situation.

Perhaps the Party's greatest weakness is its failure to effect any marked broadening of its base among the American masses. About twenty-five per cent of its members, and possibly a larger percentage of its sympathizers, are in New York City. Not even a native New Yorker would argue that his city is typical of America.

In 1923 the Communists claimed at least 2,000,000 followers. They wouldn't say that today. It is a tremendous job to overthrow our Government, and the Communists today have not got enough strength to capture a good sized borough. But they will keep on trying. Consequently, we should keep an eye on them.

It is not likely that Communism will succeed in the United States until and unless we have enough neurotics and psychotics of a peculiar stripe to accomplish the revolution. If that time ever comes—well, then they can have their old revolution.



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Without Benefit of Organizers

(Continued from page 17)

men are ready to flock to either C.I.O. or A. F. of L. Further, the P. G. & E. election may have had some influence upon the balloting of the Sailors Union of the Pacific, which followed the former by a few weeks. The Sailors, a "regular" trade union, cast a majority vote against affiliation with either C.I.O. or A. F. of L., deciding to keep their union independent of both.

Before the Labor Board's P. G. & E. election which was held December 6 to 14, 1937, an A. F. of L. union, the International Brotherhood of Electrical Workers, had officially withdrawn from the race. This left the independent and incorporated C. G. & E. E. U., which got 3,550 votes, solely opposed by the United Electrical and Radio Workers of America (C.I.O. affiliate), for which 2,254 voted.

Protests by the C.I.O.

ON demand of the C.I.O. union, the Labor Board had excluded the 2,553 P. G. & E. clerical workers from the balloting. Not counted were 982 votes, challenged almost entirely by the C.I.O. Each union had two observers at the polling places. Only 126 votes were cast for no union at all.

After the election results were announced, the C.I.O. union filed a protest with the Labor Board charging coercion and intimidation and declaring that the C. G. & E. E. U. was company dominated.

On February 15, Mrs. Alice M. Rosseter, regional Labor Board director, recommended that Labor Board hearings be held on the protest.

"We beat them fairly in a legal election," the C. G. & E. E. U. maintains.

The Pacific Gas and Electric Company encourages both customer and employee ownership of its stock. The company from time to time has made special offers to employees of both its preferred and common stock at par (\$25).

While no accurate or complete record is available, it is understood on reliable authority that about 2,000 employees, comprising about one-fifth of the operating personnel, are stockholders.

Studying the Wagner Act in 1936, a few of the employees, particularly some of those who felt that, as stockholders, they did not want to see the company involved in labor troubles and that, as workers, they were being treated fairly, decided that in all probability P. G. & E. forces would sooner or later be organized by some agency whether they sought organization or

not. With this in mind they launched their own union.

The group made a thorough study of labor organizations, sought legal advice, talked to public relations experts and fellow employees, and then adopted a form of organization designed to conform to the Wagner Act and based on the principle of promoting friendly relations between management and workers.

According to its official statements, the C. G. & E. E. U. was organized spontaneously by employees without the participation or knowledge of the management. The union claims to offer "a method under the Wagner Act whereby employees who have no experience in labor unions, and who look askance at the C.I.O. or A. F. of L. can protect themselves from 'professional labor organizers.'"

After the Supreme Court had established the validity of the Wagner Act, the independent P. G. & E. group began to organize in earnest. At the same time the C.I.O. announced an intensive campaign to organize this utility's workers and later levied a special assessment of \$2 a member "to finance the drive to win the Labor Board election."

The C. G. & E. E. U. organizers frankly referred to themselves as amateurs but suggested that they could accomplish the job of building up their union without aid from professionals.

Among the traditional "regular" unionists, incorporation of a union is wholeheartedly disapproved. Both the A. F. of L. and the C.I.O. are solidly against it. An incorporated union's financial affairs must be a matter of public record. Its political contributions, salaries, disbursements, internal control and management are subject to a scrutiny by its members which is not usual in the affairs of the ordinary unincorporated union. It was for these very reasons, they said, and because they believed it would indicate a sense of their own responsibility that C. G. & E. E. U. members decided to incorporate. This they did May 1, 1937, at Sacramento.

Organizing an independent union was for their own protection, they claimed. They argued that professional labor leaders could get a union contract signed on a closed shop basis, and so force the workers to pay high union dues and assessments if they did not themselves act to forestall such outside organization. It was further feared that an outside union might involve them in a strike which the workers themselves did not want.

Stated purposes and objects set

forth in the C. G. & E. E. U. articles of incorporation include:

To unite into one organization employees of the Pacific Gas and Electric Co.; to promote cooperation between employer and employees with respect to hours of labor, wages, working conditions, safety and accident prevention, health, welfare of employees, efficiency and harmony of operation, and all other matters affecting employees' interests or concern.

To avoid and prevent interruption of employment due to labor strife by intelligently and harmoniously negotiating and adjusting any and all controversial matters arising between the employee and the company.

A union of all employees

THE C. G. & E. E. U. is a union to which all employees of the P. G. & E., regardless of craft but below the rank of job foreman, are eligible. No one who has authority to hire, fire or discipline can belong. Included are those employed in generating stations, substations, gas and steam plants, shop workers, outside field employees, meter readers, collectors, salesmen and estimators. In addition, it also takes in clerical workers.

Common Sense is the title of the C. G. & E. E. U. newspaper published semi-monthly. Some of the Union's principles and comment printed in the publication follow:

We do not believe that the specific rights granted workers by the Wagner Act supersede the rights of the general public in any dispute which arises between workers and management. . . .

We take this position because we do not consider that the Wagner Act was put into the statutes primarily for the benefit of any individual or group, but for the common good. Our best interests can be served only by recognizing that fact. We have behind us the majesty of the law to safeguard our rights, but back of that we must always have public opinion. In other words, the workers and the general public must pull together to insure complete effectiveness of the Labor Relations Act. . . .

We are not radicals, neither are we afraid-of-our-jobs stooges. We represent the legal majority, the common sense majority, and the thinking majority of P. G. & E. employees. . . .

We have thought these things through. Hence we realize that public opinion is a prime factor in all labor relations questions, and we know that public opinion rides with those who stop to consider the general welfare. . . .

The C. G. & E. E. U. has no grand ideas about monkeying in politics or financing the Napoleons of Labor. . . .

You will never be called upon to contribute to the princely salaries of eastern labor leaders. . . .

Collective bargaining does not mean the ill-advised use of the strike weapon, which benefits no one except paid agitators. . . .

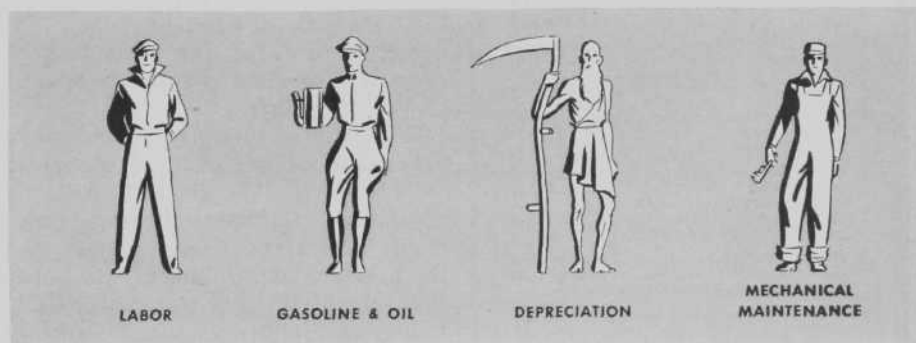
We want no outsiders to get in a position of power over us where they could use us to help them win strikes that are no concern of ours. . . .

We want no labor politicians to tap our pocketbooks to finance contributions to any man's or any party's political campaign. We have no yearning to give some

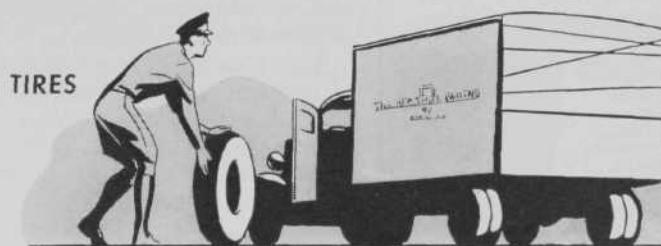
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- ☐ **Law:** LL. B. Degree.
- ☐ **Modern Foremanship:** Training for positions in Shop Management, such as that of Superintendent, General Foreman, Foreman, Sub-Foreman, etc.
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663 Harwood Dr., Des Moines, Ia.

wild-eyed labor leader a strangle hold on the public officials of this country or to pull what might be called polite blackmail. We want common sense to govern our relationship with our employer. . . .

Answering the charge that this new independent incorporated union is "different," *Common Sense* says:

We do not mind it a bit when outside agitators and professional organizers assert that our union is different and not like a "regular" (radical?) union. Sure we are different. The C. G. & E. E. Union has no salaried officers, its members are not levied upon for political contributions, its receipts and expenditures are accounted for to the membership, and the set-up is so democratic in its control that the members can recall directors or veto acts of the directors.

P. G. & E. employees as a body are known as substantial citizens and their relations with the employing company have been cordial for many years. Most of the manual and skilled workers comprising what are termed the "physical" forces are on a 40-hour, five-day week and are steadily employed throughout the year. About five years ago the shorter work week was adopted as a means of spreading available work among greater numbers. The first restoration of depression pay cuts was made in 1936 and there was a general wage raise in the spring of 1937 for all employees getting less than \$300 monthly.

Has Education Let Business Down?

(Continued from page 70)

not clear that, for this purpose, government proposes to supplant education by legislation?

We business men are interested in the measured judgment of educators on this matter. We are calling for an expression of that collective judgment. To whom, if not to them, can the business world look for the sober counsel, the studied wisdom and the steadying influence which society needs so badly today? Is it possible that the implications of our unmistakable trend toward paternalism have escaped their attention? We may well ask them what a paternalistic order of society in which an economic or military oligarchy gives orders to the masses will mean to education and to educators whose intense individualism is a fetish.

This country does not face the kind of problem which so many of our sincere idealists seem to think it does. Because it is a truism that the simple ceaselessly evolves into the complex, they conclude that the problems created by this evolution take on an ever-increasing complexity. My experience has convinced me that this is not true. It is one of those conclusions that sounds so logical we seldom trouble to examine it.

When we do, we discover that, in this connection at least, "complex" means merely a greater number of simple things. This continuous change may go on without changing principles in the process.

The methods by which goods are produced and the channels through which they are distributed, for instance, have changed since 1800 until a citizen of that period would scarcely recognize most of them today. But a little reflection will show that today as in 1800 men set up shops to manufacture goods in the expectation of selling them at a profit. The wage earner seeks a profit, too—a margin

between what he earns and what he spends for living and recreation.

The principles that motivate the conduct of these men have not changed. Their basic relation to their government has not changed. Both still look to it chiefly for protection in the orderly pursuit of their vocations, for the enforcement of contracts and for a few communal services not possible otherwise.

The problems of education

AS A layman it seems to me that the first thing an educator should do at this time is to distinguish between educational problems and education's problems. By educational problems I mean those which have to do with the professional aspects of education. Education's problems are those concerned with education itself as a social institution.

Only recently has the country failed to differentiate between the two. Now the trend of the times has accentuated enormously the importance of education's problems—the objects education seeks to achieve in a social way. Educational circles are preoccupied almost entirely with the professional problems. This may account for the rift that seems to be developing between business men and educators.

I hazard the opinion that the business man, because he faces periodically an operating statement, is closer today to education's problems than the educator. It is only recently that the business mind has begun to realize the full impact of technology on our economic and social structures. This brings a growing comprehension that a sharp reduction in the time factor in change has taken place. The business man perceives how rapidly concrete ideas take hold of vast sections of a population as yet unfitted by education to comprehend their abstract significance. He observes that

they see the immediate benefits which those ideas hold out, but not their ultimate consequences.

Here is where the business man has had forced on his attention the intimate relationship of the educative process to the stability of business and of all society. He is disturbed when he turns to the institution of education for assistance in this bewildering situation and finds that most educators are more concerned with the details of professional problems than with those which challenge the very purpose of education.

The basic problem which faces education as an institution is whether or not it can and will take a stand between the forces of education and coercion. It faces the necessity of deciding to confirm or repudiate the widespread impression that it seriously questions the continued usefulness to society of the enterprise system. I believe the vast majority of educators does not subscribe to coercion or deprecate the enterprise system. But a minority has been so vocal that the mass of people probably thinks it speaks for the majority.

I wonder what educators propose to do about the growing tendency toward the establishment of private foundations whose purposes are educational. In the past ten years it seems to me several hundred millions of dollars have been set aside for such foundations. During this period the contributed income of general education has tended to diminish. Is it possible that the donors of these funds believed no existing educational institution competent to undertake the work the donors had in mind? Or did they believe that there were areas of interest outside the scope of existing institutions?

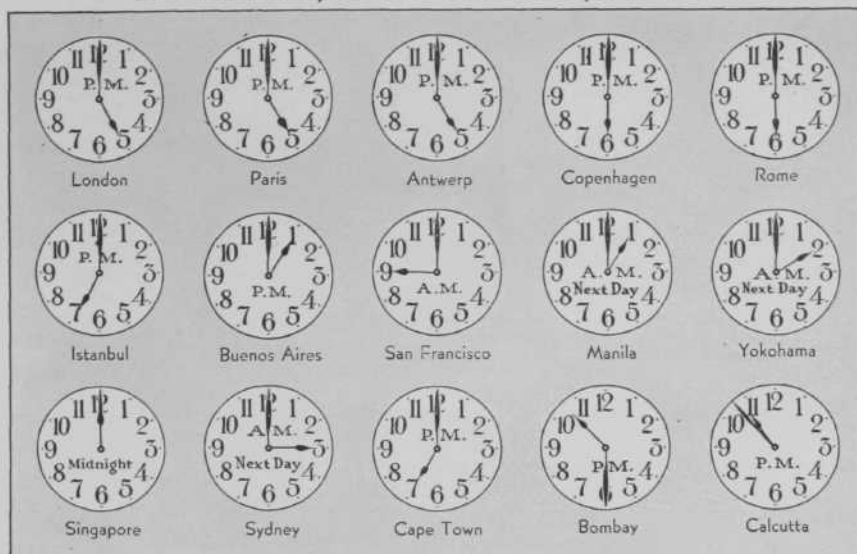
Further, I suggest the blunt query:

What should be the stand of education on the question of governmental incursions into the realm of private enterprise? Shall the student be taught that this tendency is wise?

The answer, I think, is not to be found in deciding whether or not government can perform such functions economically. Doubtful as this is, it would have nothing to do with the profoundly important principle, even if the Government's superiority could be demonstrated. The point to be determined is whether or not this development constitutes an encroachment on individual liberty.

What do we want our youth told with respect to this? The answer to these questions and others that I have propounded should determine the extent to which confidence in education as an institution is weakening. I think there will be found on the part of business men a growing conviction that educators have "let them down."

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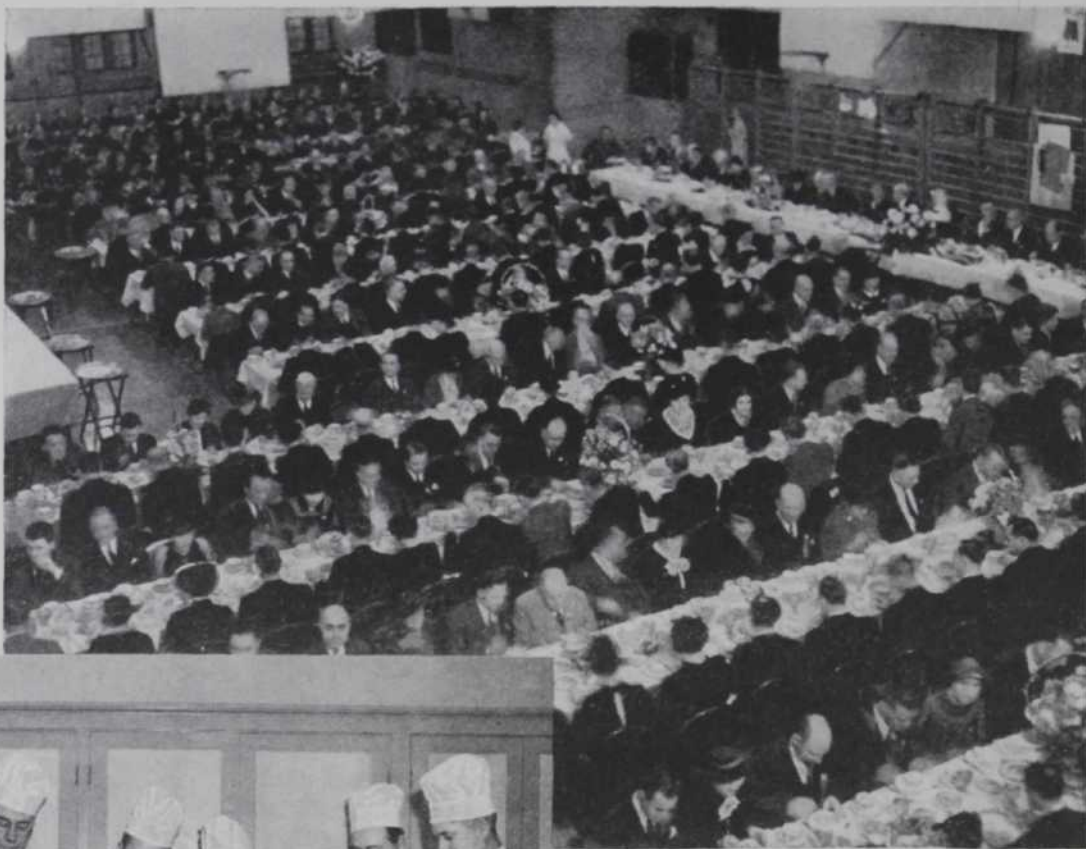
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Kenosha Cultivates Customers

More than 1,400 farm folk attend annual dinner and vaudeville show

Business men act as chefs and prepare dinner for their guests



CHESTER M. ZEFF



THE KEY feature of a development program that has proved progressively better each year over a ten-year period is the annual Good Fellowship Dinner given by the Kenosha, Wis., Chamber of Commerce.

The dinner is billed as an evening of fun for everyone. The only speech is by the president of the chamber and is limited to two minutes. Farmers and their wives from territory within a radius of 100 miles bring their lunch which is supplemented by hot food provided by the Chamber of Commerce.

A reception committee made up of merchants who know the farmers greets the guests and looks to their comfort. Lunch baskets are tagged and returned to their owners when they are finally seated and ready to eat. While the guests are getting acquainted and taking part in community singing, a crew of Kenosha business men works with two women cooks to prepare the dinner. When the meal is ready, the entire gathering of 1,400 or more is served by business men in white aprons.

While the dinner is in progress, a souvenir edition of a local paper including the names of all rural folk who made reserva-

tions is distributed to all present. This edition contains institutional advertising of Kenosha firms and news and articles of particular interest to those present.

The key attraction is a professional vaudeville show. Seven of the best acts obtainable from the stage or radio are scheduled. After each act, drawings are held for attendance prizes. These are in the form of trade certificates which later can be exchanged for merchandise when the farmer goes to a designated store. About 20 prizes are awarded after each act.

The first year the event was staged it attracted 135 persons. Attendance increased yearly until it became necessary to bar children because of space shortage. In 1937, three days after invitations were mailed, the reservation list was topheavy by 1,000 more applications than the 1,400 allotted.

No Kenosha business or professional man who does not serve on the 150 man working force may attend this dinner, except the president of the Chamber of Commerce.

To supplement this annual Get-Together Dinner, Kenosha merchants send delegations of business men to meet the resi-

dents of small communities in their territory. Here they have arranged for a dinner with a church group or women's club. The merchants purchase 100 tickets to the dinner with the provision that the local organization will provide 50 farmers and townspeople as guests. The merchants then give 50 of their tickets to such guests.

The first 50 Kenosha business men who make application to the Chamber of Commerce to attend one of these rural dinners are given the other 50 tickets. Each business man is assigned a farmer as his guest for the evening, the guest's name being typed on a badge which the business man wears. It reads, "I am ——— Who are you." When a merchant arrives he must find his guest and thus meets most of the farmers in his search for the man whose name is printed on his badge.

The merchants bring one good comedy vaudeville act as well as a speaker who is qualified to speak on a subject of interest to farmers.

The Kenosha merchants repeat this type of dinner about every other month in some town in their trading area. In a period of several years the merchants cover all their logical trading territory and then start the cycle all over again with a different program.

In addition to these trade promotion dinners, the Kenosha merchants usually provide one act of entertainment to parent-teacher organizations in their area in the fall and winter season. At each of these meetings a speaker talks about the advantages of buying in Kenosha. Backed by the annual Get-Together Dinner, these two rural trade promotion features help to keep city and country close together.

Officers of the Kenosha Chamber of Commerce have but one worry at present concerning their rural program—how to provide room for the hundreds who have to be turned away from their annual dinner.

—MARTIN FRANCIS

1938 "For distinguished service as a foreign or Washington correspondent"... Won by Arthur Krock for his exclusive, authorized interview with the President which appeared in The New York Times of February 28, 1937.

1937 "For distinguished service as a foreign or Washington correspondent"... Won by Anne O'Hare McCormick for her well-informed dispatches and feature articles from Europe.

1937 "For a distinguished example of a reporter's work"... Won by William L. Laurence for reporting the Harvard Tercentenary Celebration.

1936 "For a distinguished example of a reporter's work"... Won by Lauren D. Lyman for his exclusive story that the Lindberghs were leaving the United States to live in England.

1935 "For distinguished service as a foreign or Washington correspondent"... Won by Arthur Krock for his impartial and analytical correspondence from Washington.

1934 "For distinguished service as a foreign or Washington correspondent"... Won by Frederick T. Birchall for his unbiased, thorough coverage of events in Germany.

1932 "For distinguished service as a foreign or Washington correspondent"... Won by Walter Duranty for his dispassionate, interpretive news dispatches from Russia.

1930 "For a distinguished example of a reporter's work"... Won by Russell Owen for his graphic, first-hand reports of the Byrd Antarctic Expedition.

1926 "For distinguished editorial writing during the year"... Won by Edward M. Kingsbury for his editorial on the Hundred Neediest Cases.

1923 "For a distinguished example of a reporter's work"... Won by Alva Johnston for his brilliant, accurate reporting of scientific news.

1918 "For the most disinterested and meritorious public service rendered by an American newspaper"... Won by The New York Times for its complete reporting of the news and texts of documents of the World War.

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AWARD of the 1938 Pulitzer Prize for distinguished Washington correspondence to Arthur Krock, chief of The New York Times Washington Bureau, brings to eleven the number of such prizes won by The Times and members of its staff. This is a record unique in American journalism. No other newspaper has won so many Pulitzer Prizes, the highest distinctions in American journalism, or won them so consistently year after year for outstanding achievement in getting and publishing the news.

More even than they measure individual accomplishment, Pulitzer Prizes measure a newspaper's character and the enterprise with which it serves its readers. By the measure of Pulitzer Prizes alone, The New York Times stands well in the fore as America's most distinguished newspaper, winning each day by unmatched journalistic performance the confidence and interest of America's largest audience of intelligent and discriminating readers.

The New York Times

"ALL THE NEWS THAT'S FIT TO PRINT"

Who is Going to Sell Tomorrow's Goods?

(Continued from page 23)

ing so well are disgruntled. They believe something is wrong with the Government or society. They don't believe they have had a fair deal. It is out of this class that our radicals seem to emerge.

Then there are the young fellows, and I interviewed many of them, who are doing fairly well. They are optimistic, looking cheerfully to the future, and of course want to get married. All of them seem to want one of two things, either a wife or an automobile. If they can get an automobile first, probably the wife can wait, but usually getting an automobile leads to the further expense of a wife. Their optimism is something wonderful!

Here is the case of a young man who graduated from college eight years ago. He is now connected with the advertising department of a large corporation.

In the eight years since he left college he has become something of an expert in selling and advertising, and is today drawing a salary of \$7,500 a year. He has his own apartment, a wife who is a designer and

who earns \$150 a month herself, and he also has his automobile.

This young man is fairly satisfied with life, but he has not yet attained his ambition. He told me that, in the beginning, he went to work for a department store for \$25 a week. He was determined to rise to the top, and he made up his mind that his rise depended upon *knowledge*, in addition to his natural ability. Therefore, in the department store he had them transfer him from one department to another. He probably would have done better in the way of advances in salary if he had remained in one department but, believing that knowledge was the important thing, he wanted to know just exactly how a large department store was run. At the time he started to work one of his college classmates took a job with the same store. That friend stuck to his job and is now drawing \$5,000 a year. He has done well. In fact, for a while as my young friend moved around from one thing to another, his classmate did better financially. However, he was not learning as much because one day's routine was just like the next.

My young friend told me he resigned from the department store and got a job as a house-to-house canvasser. He rang door bells. He said this was a terrible experience. It was the toughest job he ever had, but he learned more about human nature on this job than any other.

He said it set him back financially, but it was part of the experience he wanted. Then he went on the road as a salesman for a manufacturer. On this job he did fairly well. He told me the interesting fact that the hardest thing for a young man to do was to get from the \$25 a week class up to \$75 a week. He said after you reached the latter sum it was easy enough to advance because then you were in a position to attract attention, to meet your superiors. You were on your way.

Getting a slow start

THEN I asked him about the other members of his college class. He said they had an annual reunion and at this meeting they all told each other how they were getting along.

"First," he said, "I was a tailor. They all laughed at me when I told them about my door bell pushing experience. They were all ahead of me. But I gradually closed up on them. At our last meeting we found that one of our classmates was drawing \$12,000 a year, and another \$10,000, but both of them had jobs with large corporations in which their fathers were presidents, so we cut these two lucky ones out immediately. That left 48. Of the 48, after eight years out of college the wages they were earning ran from \$45 to \$60 a week."

"Tell me," I said, "are salaries of white collared men higher or lower today than when you left college?"

"Well," he answered, "I belong to the depression era. All of our class have had nothing but depressions, and we find that large corporations especially are paying less today than they did ten years ago. When you get up to salaries of \$3,000 to \$5,000 a year there are so many bright young men to choose from that corporations naturally are not paying more than they have to."

Then I inquired what the young fellows working for these small salaries thought of when they read in the papers about the top men drawing salaries of \$100,000 and more. Didn't that discourage them?

"Not at all," was his answer. That was the most encouraging thing of all. He himself was determined to

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work through the advertising department of his business to become sales manager and from sales manager to president, and draw one of those big salaries, too. He said that was his ambition, and he was on his way to get it because he was still studying and trying out and applying his knowledge, and he intended to know more about the business than anyone else in it, even the president.

To me this was illuminating. Then I asked:

"As you were working your way along, did you take any correspondence course?"

"Yes," he answered, "I did. I studied this course at night and any time I could."

"What did you think of the course?" I inquired. "Isn't it rather theoretical?"

"No," he said, "it is a splendid course. I learned a great deal. Anybody with brains could not help but learn. But of course the main thing is to put that course into practice. You must have will power. You must force yourself first to study and to retain that knowledge, and then force yourself to use what you know. I have known a number of young men who have taken this course and those who did not benefit were those who did not have enough will power to apply it. At least, that is my opinion."

"How about getting a job?" I asked. I told him how they got jobs when I was a young fellow.

"Oh, it is all different now," he replied. "Of course families frequently help but if a young man hasn't family influence then he has to face certain difficulties. Business today is of two classes—the manufacturing, which is mechanical, and the white collar class. Today it is not much trouble for any well trained, skilled young mechanic to get a job. Those jobs pay well, too. But the trouble is they are not white collar jobs. The girls want to go around with a bank clerk. They don't like to associate with a mechanic who comes home with greasy hands."

A day of mechanics

"THE young fellows, as William Feather has said in NATION'S BUSINESS, naturally like to be popular with the girls. For that reason many a young fellow has turned down a mechanical job where he would shortly earn good wages and taken a white collar job because he thought it gave him a higher social standing. You know we are living in a mechanical age. Everything we do is done by machinery. We are going to use more and more machinery. There are going to be more mechanics. As a result it is going to be harder and harder to

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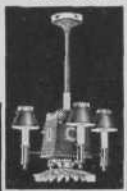


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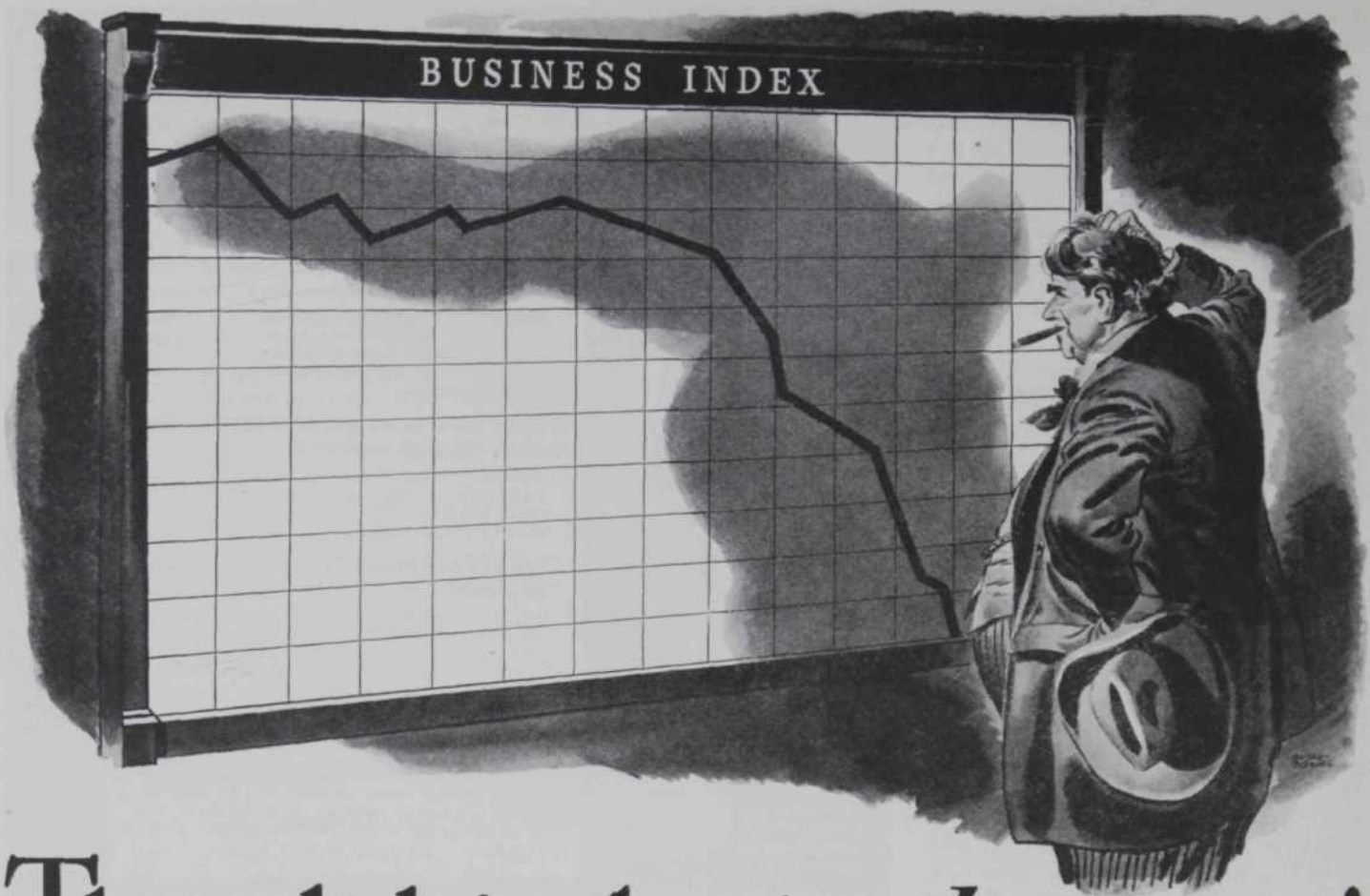
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WHY scratch your head, Mister? What did you expect?

If a lumberjack made a mess of crocheting a tea doily—would that surprise you?

Would you expect a pastry cook to buck a 40-mile wind 60 stories in the air and rivet a girder?

Then why be surprised when textbook theorists fall down on a plan for *business* recovery?

To do any job well you've first got to *know* your job. Good intentions, earnestness, zeal—all fine, but not enough.

Business planning demands brains schooled and tempered by business *experience*.

If the nation were scourged by a terrible epidemic wouldn't we give every support, moral and otherwise, to the doctors? Or would we pillory them, bind them with thousands of new and unusual rules and regulations? Would we stir up bitter conflict between them and their nurses? Destroy faith in their prescriptions?

Would we attempt to change their tested methods overnight—with patients dying? How foolish!

So . . . after nine years . . . why not ease up on the business *manager* a little . . . encourage him . . . call off the

white-haired boys with their white-hot speeches that throw the country into a cold sweat?

Why not *give hustlers a chance to hustle*?

The businessmen of the country are ready to go to town . . . ready to battle that downward curve and bend it upward. They have the "know how" . . . all they need is the "go ahead."

"*What Helps Business Helps You*" is an axiom that applies to every man, woman and child in the land. Let's help business help us all!



This advertisement is published by

NATION'S BUSINESS

It is the fourteenth of a series appearing in *The Saturday Evening Post* and other publications. Another advertisement in this series appears on page 95.

Our subscribers will recognize in it the spirit by which *Nation's Business* is guided and the purpose it serves—to encourage straight thinking about business and its relations with government.

If the message interests you, we are prepared to supply, upon request, copies in poster size for bulletin boards, and in leaflet form for distribution. Mats for newspaper use and electros for house organs are available. Write NATION'S BUSINESS, WASHINGTON, D. C.

get these nice, clean, white collar jobs. Then, too, the business concerns which formerly just hired the boys of the neighborhood now have personnel departments. They want the history of the applicant. They are more particular whom they hire."

Many concerns today are studying the records of every graduating class. They are seeking the cream of the crop, especially from our great technical schools. Young men who have shown special ability are snapped up and given good jobs by the larger corporations.

"In my judgment," said my friend, "it is a harder school for the young man, but it is a better school. It is a hard battle to rise to the top but, after all, doesn't that make it more interesting? One trouble with the young people of today is that a lot of them are pampered by their families, at school and in college. They don't realize when they are put on their own what a hard battle they have to fight."

Now it happens, and I think this is significant, that of all the young men I interviewed, not one had the idea of going into business for himself. They did have the idea that the large corporations were so well organized that the only way to get ahead quickly was to get a job with one of those corporations, and then work themselves up.

None of these young men with a high school or a college education wanted to go to work as a mechanic. Usually new factory hands come from factory working families.

These young men said to me:

"There is no chance to build up a business like the Standard Oil or the

Ford Company. In the first place, it would take too long to raise the capital to compete with them. Then, no one could compete because the field is so thoroughly covered by such organizations."

When I referred to the great success of men with mechanical genius such as Henry Ford and Walter Chrysler, they shook their heads and said: "Everybody can't be a Ford or a Chrysler."

When I spoke to them about establishing a small business in a small town and developing that business in the course of years into a large one, they again shook their heads. They did not seem to like the small business idea. When I called their attention to the fact that our foreign born population was largely monopolizing the small business field, their reaction seemed to be:

"Let them do it. What we want is to get good jobs with a large corporation, with regular cash pay days."

So it would seem, at least from my study of the younger generation, that they have no appetite for business pioneering. One reason for this, I believe, is that they get to work much later in life than the boys in the past. They want a quick success. Building up a business of their own through the years does not appeal to them.

Therefore, I would say that, with the longer number of years spent in school, while opportunities for progress are just as great or greater in this country than ever before, the competition, especially in the white collar class, is much keener than a generation ago.

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The Battle for What Isn't

(Continued from page 20)

army by around 4,500,000. If something had not put a drag upon the rise in the standard of living as represented by goods produced, either we should today—instead of having involuntary unemployment—have a shortage of workers or the efforts of those at work would be so reinforced by machinery that wages would be very high and goods very cheap. That is what the American way always had done and would now be doing had it been allowed to operate freely. If, however, we take figures based simply on the amount of new production required to maintain the post-war standard of living, allowing for the increase in population, the results are not more comforting. Col. Leonard Ayres finds:

The chief reason why about 15 per cent or more of our workers are idle is that general business, including industry, agriculture, trade and transportation, is still 15 per cent or more below normal. Our greatest present national need is to become currently self-supporting once more, as a nation, as communities, as families, and as individuals.

Our growth has slowed down

IN VIEW of these facts, the political insistence on the dangers of overproduction and the plans to see that nobody gets too much become grotesque. It is more to the point to inquire what has happened in this country since the war to slow down our growth. We are practically the same people we were before. Our natural resources have not been exhausted, and there is no reason on the face of things why we should have stopped going forward in our accustomed manner—unless we have in some mysterious manner hobbled ourselves. Have we hobbled ourselves and, if so, how and why?

It is an undisputed fact that the United States has progressed faster than any other nation. It is also an undisputed fact that the wages paid in this country have exceeded in buying power those paid anywhere else. The International Labor Office made comparisons of real wages for 1930 and, taking the wages in the United States as 100, found that wages in Great Britain were 52.63, in Germany 38.42 and in Italy 20.52. Our workers are no more efficient than the workers abroad. Indeed a cross-section of the working force of most large industrial establishments looks like a map of Europe. Our wages have steadily increased in buying power. Also, contrary to the din of subversive propaganda, wealth and income are more

evenly distributed in this country than anywhere else. A careful breakdown of the income for 1932 reveals that 88.2 per cent of it went to people with incomes less than \$5,000 a year and that these same people held 72.2 per cent of the wealth.

There is no method of determining the actual distribution of income and wealth in the less than \$5,000 class and the discrepancies there may be very great, but at any rate the bulk of all income and the bulk of all property are held by those who could not possibly be classified as rich.

We have had better tools

SUCH being the case, why are we now getting worse off instead of better off? The improvement in the status of the human being in this country has been due entirely to the fact that, for at least a hundred years, he has had the use of more and better tools than anyone else. This is true in agriculture and in the service occupations as well as in industry. Listening to the boomings against capital, one might imagine that capital was a ferocious monster like the Juggernaut—only more so. But the capital which is of use to anyone is represented by tools.

Carl Snyder has made a searching investigation into the relation between capital invested in manufacturing—that is, the value of the tools used—and the national wealth and income. He finds in conclusive fashion that the trend of the lines representing national wealth—which means production—and national income—which mostly means wages—follows exactly the capital invested—that is, the amount of tools used.

It ought to be particularly interesting to those who believe that wages can be permanently raised by law that wage payments have gone up and down with the value of production and the value of production has followed the amount of capital invested.

He has worked this out for the entire nation and in detail for the textile, steel, electrical, automobile and petroleum industries.

But Mr. Snyder has only demonstrated what everyone knows to be a fact. Take two carpenters of equal skill, and the one with a good set of tools can do more work and earn more money than the one with a poor set. Tools get back to horsepower—big ones must be driven. We have seen that the American wages in terms of buying power were nearly double those of Great Britain, almost three

times those of Germany and almost five times those of Italy.

According to the best figures available, every industrial worker in the United States used or had available 4.86 horsepower as against 2.56 for Great Britain, 2.61 for Germany and 2.14 for Italy. The relation between tools, wages and wealth is absolute.

The tools which create the horsepower and the tools which use the horsepower cost money. Somebody must provide them. The investment per job has not been thoroughly investigated for industry and not at all for agriculture and the service occupations. But we do know that a job with Mr. Ford means an investment by him of \$9,007. An estimate by the National Industrial Conference Board, taking the affairs of five large corporations, places the investment per job at from \$2,000 to \$8,000—this without taking into account the cost of materials and supplies and other working capital.

That section of industry which supplies the tools which make goods—and factory buildings are only tools—employs in this country nearly as many men as are engaged in making goods with the tools. That is the unique feature of the American nation. In China and India, where wages are very low, only a negligible number of people are engaged in making tools. Our durable goods industry—the great tool industry—has not, even if we include the exports of tools during the boom period, maintained the rate of growth since the war that it held before the war, and at one point in the depression it almost ceased to exist.

But someone is sure to pipe up: "Machines take away jobs."

Little technological change

WE have heard a great deal about technological unemployment. It is peculiarly significant that we hear so much about it now. In spite of all the notions to the contrary, there have been no sweeping changes in industrial methods since the Great War. The unemployment today, deducting a percentage of unemployables, is still in the durable goods industries and those whose employment depends upon activity in those industries.

It proves nothing at all to pick up a few men here and there who have apparently lost their jobs because of the introduction of machinery—when we consider the enormous numbers employed because of machinery.

Take the most familiar instance. Through the application of science and machinery, a better automobile could be bought for \$535 in 1936 than could be bought for double that sum in 1910, and no comparison is possible between the trade and employment

\$819 IN TAXES FOR EVERY EMPLOYEE

● Divide the Associated System's annual tax bill of \$18,213,020 by the number of its regular employees, which is 22,216, and the result is \$819 in taxes for every employee.

There is no necessary relationship between taxes and employees. But the ratio of \$819 in taxes to every person on the pay roll is another measure of the magnitude of the tax burden which the Associated System must bear.

Taxes Are 47% of Pay Roll

Pay roll is the largest single item of expense, but taxation is rapidly growing as large. In some large operating companies taxes equal or exceed pay roll. For the System as a whole, taxes equal 47% of pay roll.

The Associated System does not object to reasonable taxes. But it is obvious that the increase of more than \$8,000,000 in the System's taxes during the past five years is money that cannot be used for increasing pay rolls.



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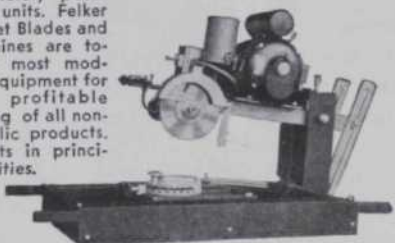


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that was centered about the horse and the trade and employment that is centered about the automobile.

Great and sudden changes in the methods of industry have never taken place and cannot take place, if for no other reason than that the capital to make revolutionary changes is never available. Even the steam engine was a long time coming into use and the motor truck had to battle its way. The Brookings Institution found that between 1922 and 1929—which we are taught to believe was an era of unparalleled expansion—improved machine technique accounted for only 18 per cent of the increase in productive efficiency. If those figures be true, technological improvement is surely a slow working force.

Referring to Mr. Snyder's findings that capital investment, production and employment all go up together—and he has carried his calculations back to 1790—the conclusion is inescapable that technical improvement is, on the whole, very gradual and moves no faster than the ability to get capital. It is important to remember that no responsible student of our economy has ever isolated technological unemployment—it remains something which is just around the corner.

The real answer seems to be that, if the progress of a country slows down because the volume of production diminishes, the number of possible jobs will relatively, if not absolutely, decrease. Our "technological unemployment" is just unemployment. The notion that there are only so many jobs to be had and that these must be spread out among all who want jobs is not an answer to fewer jobs. It is akin to rationing the supplies on a wrecked ship.

Capital provides jobs and wages

THE number of tools in use—that is, the amount of capital employed—determines the amount of production possible and, therefore, the number of jobs and the amount of wages—for wages have to be paid out of production. That is their only permanent source. Where does the money come from to buy the tools? Tools cannot be created by law which is one of the several reasons why wages cannot be created by law. But laws can prevent the buying of tools and thus laws can lower wages.

Bearing this in mind, let us see whence came the tools that made the country and then see if anything has happened to prevent the further buying of tools.

Tools have to be bought out of savings. Every person who has ever bought an automobile or an electrical refrigerator or a vacuum cleaner knows that. We split up our savings

in two broad divisions! We save for comfort and we save for production.

The head of a family who puts \$500 into furniture is saving for comfort. If, instead, he puts the money directly into his business or indirectly into all business through a savings account or a life insurance policy, he is saving for production. Even in the best of times, the average American saves more for comfort than for production. He is unlike the French peasant who dismisses comfort.

The nature of savings has not yet been fully explored. A tentative breakdown for 1932—there is nothing more recent—indicates that of the goods produced and remaining unconsumed—another way of defining the word "savings"—\$168,013,000 were used for comfort and \$113,284,000 were used for production.

Mr. Snyder has found that the increase per year in production which made the United States was gained by the reinvestment each year of between five per cent and six per cent of the national income. The difference between general employment and well-being and general unemployment and destitution depends on that little margin of savings.

The wealthy can take more chances

WHO does the saving? Savings by individuals for production do not, in the great scheme of things, amount to much because only the wealthy have any considerable surplus over their daily needs and there are not enough wealthy people to make the total of their savings a really important factor. The great importance of the wealthy man is that he has funds with which he can afford to take a chance and thus back new ideas. The investments found in the estates of most wealthy men show a surprising number of worthless securities. Those are the duds they financed.

The important savings of the country are harnessed for production by the corporations. They are made out of what are known as profits.

The word "profit" is the most tortured in our vocabulary. It is as much tortured in Wall Street as on the soapbox. The jargon of bankers, accountants and economists has given great numbers of people a distorted idea of profits. But it is out of profits that all progress and employment are created.

There are two kinds of profits, although they are not separated in corporate statements. The one kind arises from the increase in the price of things, while the other is a species of rent for the use of the tools of production. Profits of the first kind are merely bookkeeping results. They represent no more an increase in wealth than devaluing the dollar rep-



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resents an increase in the actual gold in the Treasury.

Profits of the second kind are real additions to wealth, but, unfortunately, since the two kinds of profits are mixed, we have no method of knowing the amount of the second kind. A well managed business never pays out all that its books disclose as profits. Most of the great businesses of the country have been built up by putting back into tools nearly all the sum which the books show as profits. If jobs are to increase, business must have profits. Otherwise there will be nothing with which to buy new tools.

Business is in the red

BETWEEN 1930 and 1935 inclusive, taking the Department of Commerce figures, business lost \$27,548,000,000. No matter how the final figures for 1936 and 1937 come out, it can safely be put down as a fact that business as a whole and considered as one great corporation is in the red over a period extending back at least 15 years.

The picture of profits earned by the large corporations is not much better. A compilation by the National City Bank shows that, for the period 1917-1934, the earnings of important corporations were only 1.88 per cent on the net worth of the capital invested. If profits in general and corporate profits in particular are not great enough to buy new tools, production and employment must decrease. That is exactly what has been happening. The final question is this:

Have profits died natural deaths or has somebody killed them?

The answer to that question will determine who, if anyone, is responsible for unemployment.

It becomes plain, if we look at the figures, that Government itself is killing employment and steadily debasing the standard of living by taking purchasing and investing power away from producers and handing it to non-producers who do not invest. It is doing this in two ways:

First, through taxes.

Second, through what is pleasantly called "borrowing" but which has now become a capital levy. Through the whole history of this country, except for the Civil War period, taxes were a minor matter and Government entered only slightly into men's lives. In 1912, the gross debt, less sinking fund assets, of all our units of government together was only \$4,850,000,000, or about \$50 a head.

In 1930, which may be reckoned as the last year of national solvency, the debt stood at \$34,000,000,000. In June, 1937, it stood at around \$54,000,000,000—or about \$400 a head.

Our Government used to go into debt only to spread out the payments for great public improvements such as the Panama Canal or state houses or water works. The debt nowadays is

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primarily to meet current expenses and represents the difference between what the Government spends and what it is able to collect through taxes.

Since the war, taxes have at all times exceeded ten per cent of the national income. In 1932, they passed 17 per cent of the national income and, dipping a little in 1933, again went above 17 per cent for 1934 and 1935. It is now believed they are running above 18 per cent. Everyone knows, although not everyone realizes, that taxes must be paid out of production. There is no mysterious fund out of which to pay them.

The fiction has been developed that the corporations may be made to foot the tax bill, but corporations are only tax collectors. The record shows that they have not paid taxes out of profits, because there have been, on the whole, no profits. The dollar picture is confused by the shifting scale of prices, but, taking the percentage of national income, it is plain that, since the war, governmental units have been taking in taxes more than the nation before the war was able to save and put into new tools of production.

Here and there some individual or corporation has earned money through skill, luck or speculation, but the country as a whole over a period has not earned enough to support the scale upon which the bureaucrats desire to live. That is why our national plant has not been able to grow at

its former rate, and that of course is why we have unemployment.

Taxes take directly. Deficit borrowing takes indirectly and insidiously by watering the dollar. This amounts to a capital levy on all those who hold bonds directly or who hold them indirectly by having savings accounts or life insurance policies.

The whole process of governments making their citizens poorer never gets out in the open, because, although we are all going down on a descending spiral and there is constantly less to go around, we do not all go down at the same pace and some even have more, for a time, than they had previously.

Reserve credit looked like savings

WHAT was actually happening in this country was further concealed by the great volume of credit which the Federal Reserve system created and which, after it had financed the war, shifted into business and looked and tasted exactly like savings. The great era of capital issues which blew up in 1929-30 was based, not so much on savings, as on bank credit. Since 1931 the great contribution to purchasing power has been federal deficit financing. The income tax on wages under the Social Security Act in 1937 pricked the business bubble created by federal money changing.

Shifts in prices bring small speculative booms and we always first



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hear the gleeful shouts of those who sold at a profit. The groans of those who bought for a loss do not come until later.

Also we are diverted by what has well been called economic cannibalism. Organized minorities battle for the chance to eat unorganized majorities. During the days of the NRA and the AAA, cannibalism became a rite. Now bureaucracy is battling for its place in the sun.

Organizations of WPA workers assert the right forever to be supported as non-producers, while much of the labor union movement is an effort to gain a wage advantage at the expense of the unorganized workers.

If we keep in mind that the growth of national production has been stopped and the production which formerly went to help producers now goes to sustain non-producers, it becomes clear why many of the movements of today seem so queer and un-American. They are results of opportunities being forcibly shrunk. Defeatism is a result and not a cause. The amiable intents of many of those who are doing the shrinking are not, under the circumstances, of high importance. A man who dies through wrong dosage at the hands of a conscientious but misinformed physician is just as dead as though he had been killed by a thug.

Those who loudly cry that capitalism has broken down and that some other form of government must be brought in forget the facts. If our own machinery of production has not kept pace with population because it has been overloaded with non-producers, changing the form of ownership will not help. The owners of the tools of production are not, as a body, getting anything now. Hence they are not taking unto themselves anything which the Government might redistribute. So the net result of control by government would not be more goods and a higher standard of living. The net result would be a central organization in part to conceal facts and in part to make people say they like being poor. That is about all that has happened under the dictators.

What of our own picture? Would it not be reasonably plain that two and two cannot be exhorted into six, if national affairs were set up in simple bookkeeping fashion so that anyone could understand them? Why should we guess about where we are when we could know where we are? As a nation, we are no different from a shopkeeper who has no books of account. Such a man thinks he does not have to count the costs. Eventually someone steps in and counts them for him.

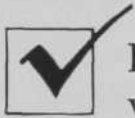
As a nation we have, as yet, refused to count the costs.

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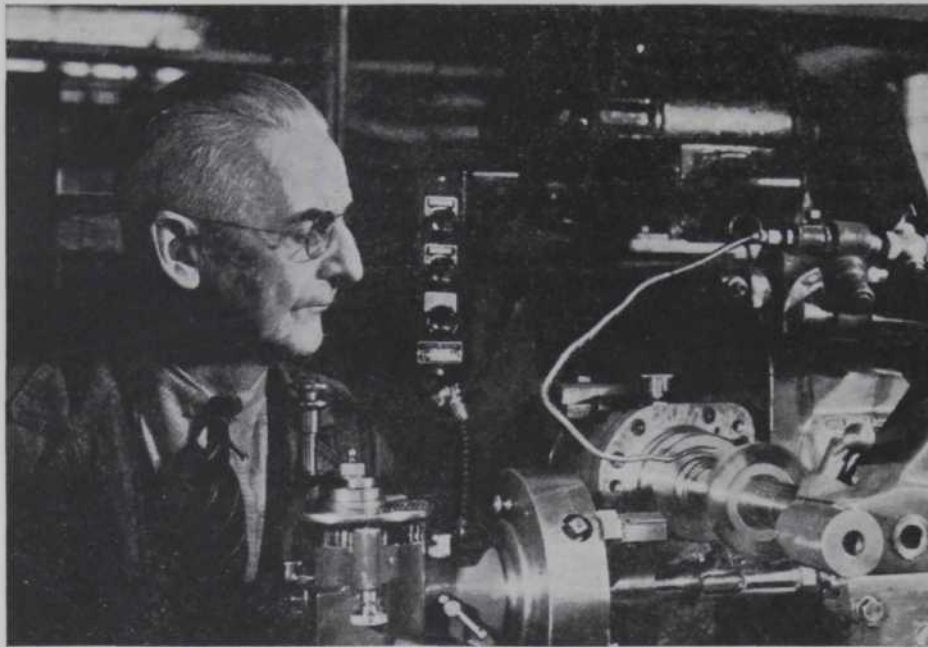
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Index of ADVERTISERS

June • 1938

	PAGE
Addressograph-Multigraph Corporation	85
Aerocar Company of Detroit	127
All-Steel-Equip. Co., Inc.	112
Aluminum Company of America	3rd Cover
American Brass Company	91
American Credit Indemnity Co. of N. Y.	96
American Mutual Alliance	10
American Telephone & Telegraph Co.	2nd Cover
American Tobacco Company	4th Cover
Associated Gas & Electric Company	125
Association of American Railroads	77
Bakelite Corporation	6
Bank of New York & Trust Company	103
Budd, Edw. G. Manufacturing Co.	2
Burroughs Adding Machine Company	29
Canadian Pacific	108
Carlton Hotel	128
Cast Iron Pipe Research Assn.	97
Chesapeake & Ohio Lines	92
Chicago Tribune	132
Coca-Cola Company	131
Commercial Credit Company	81
Curtis Publishing Company	78-79
Cutler-Hammer, Inc.	67
Cyclone Fence Company	109
Detex Watchclock Corp.	104
Dick, A. B. Company	14
Dictaphone Sales Corporation	9
Eagle Signal Corporation	116
Egry Register Company	123
Elbert, B. F.	116
Elliott Addressing Machine Company	124
Erie Railroad System	105
Felt & Tarrant Manufacturing Company	65
Frick Company	125
Frigidaire Corporation	3
General Electric Company	130
General Tire & Rubber Company	115
Goodrich, B. F. Company	69
Goodyear Tire & Rubber Company	12
Gregory Fount-O-Ink Company	114
Guaranty Trust Company of N. Y.	117
Guth, Edwin, F. Company	121
Hartford Steam Boiler Insp. & Ins. Co.	8
Household Finance Corporation	86
International Business Machines Corp.	75
Johns-Manville Corporation	7-94
Kimberly-Clark Corporation	99-106-121
Lamson Company, The	93
LaSalle Extension University	116-124
Lumbermens Mutual Casualty Company	87
Maryland Casualty Company	82
Mayfair Hotel	126
Mayflower Hotel	88
Metropolitan Life Insurance Company	31
Morse Chain Company	11
Musto-Keenan Company	126
Mutual Life Insurance Co. of N. Y.	127
Nation's Business	95-122
New Jersey Council	89
New York Times	119
Norfolk & Western Railway Company	110
Northwestern Mutual Life Ins. Co.	73
Page Fence Association	128
Plymouth Motor Corporation	1
Postage Meter Company, The	107
Premier-Pabst Sales Company	71
Republic Rubber Company	120
Seagram-Distillers Corporation	4
Stewart Iron Works Company, Inc.	112
Strathmore Paper Company	129
Talcott, James, Inc.	114
Underwood Elliott Fisher Company	113
Washington State Progress Commission	106
Westinghouse Electric & Mfg. Co.	111
Woodstock Typewriter Company	124



All roads lead
to *the pause*
that refreshes

Red coolers with the familiar words "Drink Coca-Cola" dot highways and byways everywhere . . . to offer you the pure refreshment of ice-cold Coca-Cola—pure as sunlight. Pause there and be on your way *refreshed*.

Drink
Coca-Cola

Delicious and
Refreshing

5¢

How to turn advertising plans *into* SALES

AS LONG as there are people, there will be news. As long as there is news, people will want to know about it. They want it while it is fresh, not history. They want complete reports with pictures, not meager bulletins.

So they read the newspaper.

They read it for its comprehensive coverage of happenings and day-to-day trends. They read it for its swift interpretation of the meaning of events.

Day in and day out, people turn eagerly to the newspaper for knowledge of world affairs . . . and for guidance in their private lives. It is the medium they consult every day of the year for news of fashion, cooking recipes, investment counsel . . . and for help in shopping for the things they buy.

In Chicago the newspaper which every day of the week renews contact with the majority of all the families in metropolitan Chicago is the Tribune.

Through the Tribune the manufacturer can address an assured, constant audience, attracted by this newspaper's superior coverage of the news, its forthright editorial stand and its appealing feature and service departments.

Remove the newspaper from American life and there would be chaos. It alone tells quickly . . . fully . . . with pictures . . . the news about everything . . . as it happens. For the great mass of people the newspaper is the primary source of the information which they hunger for and need . . . and, for many, it is the sole source. As a result, the newspaper is the medium around which the advertiser can build his plans with assurance of reaching his largest and most responsive audience.

Through the Tribune the advertiser can talk shop to a tremendous buying audience accustomed to turn to the Tribune for advertising of practically everything bought at retail.

Reaching more than 670,000 families in Chicago and suburbs alone, the Tribune seven days a week delivers this market's largest group of known spenders. Chicago merchants spend more of their advertising budgets in the Tribune than in any other medium.

Every dollar the manufacturer spends for Tribune advertising can be devoted to winning acceptance for the product and the company behind it. He has an audience already assembled, ready for direct solicitation and in a frame of mind to receive it.

He can build lasting impressions by pictur-

ing his product in black-and-white or in color. He can describe its uses and sell the satisfaction that comes from using it. He can point up the exclusive features which frequently are the deciding factors in clinching the sale.

In the Tribune he can start and stop his advertising in keeping with seasonal demand, market conditions and buying power. He can give his dealers direct selling help as they need it and when they need it.

No advertiser, no group of advertisers, ever has pushed to the limit the huge buying power represented by Tribune circulation. Individual manufacturers have spent as high as \$500,000 in the past ten years for Tribune advertising and today are more active than ever in the market. Department stores spend as much as \$20,000 for advertising in a single issue of the Tribune and make it pay out handsomely.

To every selling job involving the public, no advertising medium is so demonstrably basic as the newspaper. And in Chicago, you can take maximum advantage of the opportunities this rich market offers by building your program around the Tribune. Tribune rates per 100,000 circulation are among the lowest in the country.

CHICAGO TRIBUNE

the world's greatest newspaper

Synonyms :

SUMMER . . .
OUTBOARDS . . .
ALUMINUM



ALCOA
ALUMINUM

★

EVERY VACATIONER KNOWS that outboards *make* the summer. And Aluminum *makes* the outboards!

The modern outboard motor is literally a sermon on Aluminum.

A sermon on lightness: Their convenient portability (even of the big ones) comes from the lightness of Aluminum.

A sermon on resistance to corrosion: Mark well how they demonstrate the ability of Aluminum to defy the weather and the waters.

A sermon on heat conductivity: The pistons, cylinders and heads are made of Aluminum. Its better heat conductivity makes the motors more efficient, just as it does in automobile engines. Lightness in the pistons is important, too.

A sermon on strength: In a multitude of parts, big and little, Aluminum has to stand great mechanical stresses, as well as the gaff of the not-too-careful handling which these motors get. Alloys of Alcoa Aluminum are as strong as structural steel, though they weigh but one-third as much.

But still more: Outboards exemplify the practicality, the versatility of Alcoa Aluminum in meeting every sort of fabrication problem.

The point is: Alcoa Aluminum has the qualities the outboard needs to make it the convenient, efficient motor we have all come to depend upon. And the manufacturers can and do use every standard fabrication process to make economical use of the advantages of Aluminum.

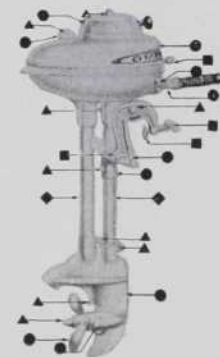
IT'S A LIFTABLE IDEA

This story should be as full of ideas for you as the outboard is full of Aluminum.

They bear repeating: Aluminum is light; it resists corrosion; it is a superior conductor of heat and electricity; it has been given the strength you need; and it comes in every needed form for any type of fabrication.

Why not turn these ideas inward on yourself and your business. Ten-to-one you have a spot where Alcoa Aluminum would make your product better. If you have a hunch, let us pit one of our engineers against the problem. Very much without obligation, of course. Aluminum Company of America, 2125 Gulf Building, Pittsburgh, Penna.

How the outboard motor uses Aluminum throughout:



● These parts are all Aluminum castings. They are variously made by the sand-, die-, or permanent-mold process, whichever is best for each individual part. Strong Alloys of Alcoa Aluminum are available for each method.

■ Forgings of Alcoa Aluminum are used for these parts. They have the superior physical properties inherent in this method of fabrication.

▲ Alcoa Aluminum Free-Cutting Screw Machine Rod is used for these parts. It machines beautifully, at high speed, with no tool-fouling.

◆ Tubing, of the proper Alloy of Alcoa Aluminum, used here. It comes in a wide variety of size and shape, and in strength to suit the need.

A look into the inside of the motor would disclose the many other uses of Aluminum: pistons, cylinders, and heads; connecting rods; parts for mixing valves and pumps. Aluminum *makes* the outboard.

With Independent Tobacco Experts..

WITH MEN WHO KNOW TOBACCO BEST

*It's Luckies
2 to 1*



HERE are the facts! Sworn records show that among *independent* tobacco experts, Lucky Strike has *twice* as many exclusive smokers as have all other cigarettes put together. These men are auctioneers, buyers and warehousemen. They deal with all, but are not connected with any manufacturer. They *know* tobacco from A to Z...and they smoke Luckies...2 to 1!

Remember, too, that every Lucky Strike gives you the throat protection of the exclusive process, "It's Toasted." This process removes certain harsh irritants present in all tobacco, and makes Lucky Strike



Have You Heard
the Chant of the
Tobacco Auctioneer